



Daily Report

China

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NOTICE: An * indicates material not disseminated in electronic form.

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General**Foreign Ministry Holds Regular News Conference****Addresses Harry Wu Case**

*OW1307103495 Tokyo KYODO in English
1002 GMT 13 Jul 95*

[FBIS Transcribed Text] Beijing, July 13 KYODO — The Chinese Foreign Ministry on Thursday [13 July] asked the United States to wait patiently for the outcome of an alleged espionage case involving detained U.S. human rights activist Harry Wu.

In response to a question concerning U.S. Secretary of State Warren Christopher's Wednesday demand that China immediately release Wu, ministry spokesman Shen Guofang said, "We hope the U.S. Government can be patient and wait to see the result of the investigation."

Wu, a Chinese-born U.S. citizen, was officially arrested last Saturday in the central Chinese city of Wuhan and charged with stealing state secrets and espionage, crimes which carry the maximum death penalty.

Internationally known for his human rights work, Wu has written extensively on atrocities in China's prison labor system including the removal of organs from executed prisoners for transplant operations and the export of goods produced by prison labor.

He served 19 years in the Chinese prison labor system as a political prisoner in the 1960s and 1970s and upon becoming a U.S. citizen, established the Laogai (reform through labor) Research Institute in Milpitas, California, in the early 1990s.

"The Chinese judicial departments established evidence of some of the crimes committed by Mr. Wu Hongda (Harry Wu), but other suspected crimes of Wu Hongda are under further investigation," Shen said.

Comments on Bosnian Situation

OW1307111495 Beijing XINHUA Domestic Service in Chinese 0928 GMT 13 Jul 95

[FBIS Translated Text] Beijing, 13 Jul (XINHUA) — Foreign Ministry spokesman Shen Guofang urged conflicting parties in Bosnia to immediately stop their hostilities and strengthen their cooperation with the international community and the UN peacekeeping forces. He also expressed the hope that the international community will intensify its diplomatic and political efforts to create an environment favorable for peace negotiations.

During a press conference held this afternoon, a reporter asked the spokesman: The Bosnian tension has intensi-

fied recently, and the UN Security Council, in a resolution it adopted, has urged Secretary General Boutros-Ghali to take all possible means to reinstate the role of the safe havens. What are your comments?

Shen Guofang said: "We are deeply concerned and disturbed with the recent tension in Bosnia. We endorse the part of the UN Security Council resolution which states that appropriate moves be taken to protect the lives and safety of civilians in relevant areas, stop the attacks on the UN peace-keeping forces, and prevent the humanitarian situation from worsening. But we are concerned and disturbed by the part of the resolution which, citing Chapter 7 of the UN Charter, authorizes the use of restrictive actions, because that may give rise to grave political and military consequences, and especially the consequence that the peace-keeping forces may become a conflicting party themselves."

He said: "We urge all conflicting parties to immediately stop their hostilities, strengthen their cooperation with the international community and the UN peace-keeping forces, and settle their disputes peacefully. We also hope the international community will intensify their diplomatic and political efforts in creating an environment favorable for peace negotiations, and will not take any move that may exacerbate the tension."

Further on Tuesday Briefing

OW1207123695 Beijing China Radio International in English to Western North America 0400 GMT 12 Jul 95

[From the "Current Affairs" program]

[FBIS Transcribed Text] Sino-U.S. relations and the case of Harry Wu have [word indistinct] dominated Tuesday's [11 July] foreign ministry press conference in Beijing. CRI's Yang Lei attended the conference and Wang Huaiyu has the details:

The speaker of the U.S. House of Representatives recently advocated that Washington should establish diplomatic relations with Taiwan. Commenting on this issue, Chinese Foreign Ministry spokesman Shen Guofang said that it is an objective fact recognized by the international community that the People's Republic of China is the sole legal representative of the Chinese nation. Any attempt to change this fact is doomed to failure. His remarks were translated by an interpreter.

[Begin interpreter recording] If anyone attempts to split Taiwan from China, the Chinese people will never allow it, nor will they sit idle and watch it happen. We have said many times that the Taiwan issue, if mishandled, will lead to a turbulent situation in the Taiwan Strait, which will cause serious consequences to Sino-U.S.

relations, and to peace and stability in the Asia-Pacific region and the world at large. [end recording]

Sino-U.S. relations fell into a stalemate following Taiwan leader Li Denghui's [Li Teng-hui's] visit to the United States last month. Shen Guofang said that it is up to the United States to take positive steps to mend Sino-U.S. relations.

[Begin interpreter recording] It is important for U.S. politicians to take a long, strategic perspective in their handling of the Taiwan problem and Sino-U.S. relations so as to facilitate a return of the bilateral relations to the [words indistinct] by the three joint communiquees. [end recording]

The case of Harry Wu, whose Chinese name is Wu Hongda, is another issue hampering Sino-American relations. He was arrested by China's public security authorities on Monday. Shen Guofang said that Wu Hongda was arrested on charges of spying.

[Begin interpreter recording] Mr. Wu Hongda secretly sneaked into China by using an alias, in a deliberate attempt [words indistinct] China's state secrets and pass them over [passage indistinct] with the approval of Chinese [passage indistinct]. He was arrested by the public officials [words indistinct]. [end recording]

Shen Guofang said Wu Hongda's case is now being further investigated by the Chinese authorities. His rights are protected in accordance with the laws of China. Shen Guofang added that the case of Wu Hongda is a criminal one. As such, it should not be linked to either MFN status or Sino-American relations.

For CRI, I am Wang Huaiyu.

Jiang's European Trip, EU's China Policy Viewed
HK1307044495 Hong Kong WEN WEI PO in Chinese
7 Jul 95 p A2

[Editorial: "Jiang Zemin's Visit to Europe and EU's New Strategy Toward China"]

[FBIS Translated Text] China's President Jiang Zemin began his state visit to three European countries this week, going to Finland, Hungary, and Germany between 5 and 15 July. This is the first visit by a Chinese head of state to these three countries, so it is a big event in their bilateral relations with China, and also an important event in the diplomatic relations between China and Europe.

The three countries Jiang Zemin will be visiting on his current trip have their own characteristics and belong to three different types. Finland is a North European country; its political situation has always been stable and it has a fairly high level of economic and social devel-

opment. It was also one of the first advanced capitalist countries to recognize the new China. Hungary, which is in East Europe, was also one of the first countries to establish diplomatic relations with China; China and Hungary have long had contacts in various fields, and in recent years bilateral political, economic, and cultural relations have developed relatively fast.

Germany is the most economically developed country in Europe, and also China's biggest trading partner in that region. After the "June 4" incident in 1989, Germany was one of the first European countries to resume normal relations with China. In recent years there have been frequent visits between senior officials of the two countries. As the spearhead of the European Economic Community [as published], Germany places high importance on developing its political, economic, and cultural ties with China and the whole Asia-Pacific region. Germany is another major European country Jiang Zemin will be visiting since his trip to France last October. This shows that in China's all-embracing diplomacy, Europe occupies an important place.

The international situation is changing fast; although the Cold War has ended, a new international political and social order has not yet been formed, and international hegemonism is still unchecked. China's aim in enhancing friendly cooperation with various countries is to preserve world peace and promote the progress of mankind. Since the beginning of this year, China's president, its premier, the chairman of the NPC Standing Committee, and the chairman of the CPPCC National Committee respectively have visited numerous countries. Their footsteps have covered dozens of countries on four continents; their visits have increased mutual understanding between China and those countries, and promoted bilateral relations. Their trips have effectively enhanced China's international status and made the international environment more conducive to China's reform and opening up policy. Their visits have also inflicted heavy blows on the "private visits" and "vacation diplomacy" which the Taiwanese authorities have carried out under various pretexts. After all, of the over 150 countries which have diplomatic relations with China, politicians from only an isolated few have violated the communiquees issued at the time of the establishment of diplomatic links to play the "one China, one Taiwan" or "two Chinas" trick.

It is worth noting that at the same time as President Jiang Zemin left Beijing for Europe, the Brussels-based Executive Committee of the European Union (EU) published a document entitled "New Policy Toward China" on 5 July. This document notes that China's political, economic, and military powers are strengthening, and that it is now playing an unprecedented and important role

in world affairs. The EU believes that it should help in advancing China's reforms, and facilitate China's becoming a greater force in Asia and in an even wider area. Based on this, the EU will develop its relations with China through "constructive contacts." Among regional political and economic blocks, the EU is one that has a longer history and wields greater influence. This new China policy will be a turning point for the EU; from this time forward it can fully develop its relations with China. The EU has also criticized the United States' policy toward China, although not identifying it by name, and has pointed out that "the proof of any policy should be in its impact and not in easily won domestic applause."

The EU's new China strategy is farsighted, and reflects the call of the international community at large. Hostile acts toward China, or attempts to "block and stop [du jie 1035 2066]" it, will not succeed; people who carry out this kind of wrong policy will only suffer themselves.

President Jiang Zemin went to Russia in May to attend the celebrations commemorating the 50th anniversary of Russia's victory in the anti-Fascist war; Premier Li Peng has just ended his visit to Belarus, Ukraine, and Russia; and now President Jiang is starting his trip to the three European countries. This clearly shows that China's European diplomacy is all-embracing and fruitful, and one can anticipate fairly substantial progress in its future relations with Europe in all spheres.

UN Extends Sympathy Over Flood Losses

OWI307043595 Beijing XINHUA in English
0345 GMT 13 Jul 95

[FBIS Transcribed Text] United Nations, July 12 (XINHUA) — The United Nations General Assembly and the Security Council extended their sympathy today to China for the loss in human life and material damage caused by recent floods.

"I, on behalf of all the members of the Assembly, extend our deepest sympathy to the government and the people of China," said Vice President of the General Assembly Manasa Seniloli of Fiji at the opening of the 105th session today.

Security Council President Martinez Blanco of Honduras also expressed sympathy.

In a later speech to the General Assembly, Chinese Permanent Representative Qin Huasun thanked all delegates for their expressions of sympathy.

He said the people in the flooded areas are fighting hard to minimize the losses under the leadership of the Chinese Government.

He also said that the floods are receding in Hunan Province, which has been hardest hit and that the situation would improve if there were no heavy rains.

UN Condemnation of Srebrenica Attacks Noted

OWI207235095 Beijing XINHUA in English
1913 GMT 12 Jul 95

[FBIS Transcribed Text] United Nations, July 12 (XINHUA) — The United Nations Security Council [UNSC] has condemned the offensive by the Bosnian Serb forces against the safe area of Srebrenica and all attacks on peacekeeping personnel.

In a resolution adopted unanimously today, the Security Council expressed grave concern with the deterioration in the situation in and around the safe area of Srebrenica in Bosnia and the plight of the civilian population there.

Earlier on Tuesday [11 July] Bosnian Serb forces, despite NATO air strikes, overran Srebrenica, a UN declared safe area, forcing thousands of Muslims fleeing for their lives.

The resolution recalled the agreement for the demilitarization of Srebrenica by the Bosnia Government and the Bosnian Serb party, and regretted that it has not been implemented in full by either party.

The Security Council demanded that the Bosnian Serb forces cease their offensive and withdraw from the safe area of Srebrenica immediately and unconditionally release all detained personnel of the United Nations Protection Force (UNPROFOR).

It also demanded that both Bosnian Government forces and the Bosnian Serbs respect fully the safety of UNPROFOR personnel and ensure their complete freedom of movement, allow unimpeded access for United Nations High Commissioner for Refugees and other international humanitarian agencies to the safe area of Srebrenica to alleviate the plight of the civilians, and in particular that they cooperate on the restoration of utilities.

The Security Council also requested the Secretary-General to use all resources available to him to restore the status of the safe area of Srebrenica and called on the parties to cooperate to that end.

Qin Huasun, permanent representative of China to the United Nations, reiterated that the Chinese delegation has all along held that peaceful negotiation and consultation on a fair and reasonable basis is the only way to find a lasting solution acceptable to all to the question of the former Yugoslavia, including that of Bosnia and Herzegovina.

Organization Head Comments on Beijing Visit

*OW1307031995 Beijing XINHUA in English
0308 GMT 13 Jul 95*

[FBIS Transcribed Text] Paris, July 12 (XINHUA) — Jean-Claude Paye, secretary-general of the Organization for Economic Cooperation and Development (OECD), said today that the purpose of his forthcoming visit to China is to initiate dialogue between the OECD and China.

Established in 1961, the Paris-based organization has 25 member states, mainly from the economically developed countries.

In an interview with XINHUA before departing for China, Paye said he and members of his entourage will seek to give China a better idea of how the OECD works and what its goals are.

He said his entourage will include heads of the OECD's departments of development, agriculture, finance, enterprise and environmental protection.

The two sides can seek out their counterparts and initiate dialogue, he said, adding that the OECD and China had made preliminary contacts in the above-mentioned fields.

Paye, who has served as the organization's secretary-general for more than ten years, said he is keenly looking forward to his visit to China.

Coming at the invitation of Wu Yi, China's minister of foreign trade and economic cooperation, Paye will visit China from July 18 to 22.

Reasons for U.S. Recognition of Vietnam Viewed

*HK1307074595 Hong Kong WEN WEI PO in Chinese
13 Jul 95 p a4*

["Special article" by "special correspondent" Chu Hsing-fu (2612 1630 4395): "An Analysis of the U.S. Announcement of the Establishment of Diplomatic Ties With Vietnam"]

[FBIS Translated Text] Washington, 11 July—President Clinton officially announced today in the White House that the United States has decided to establish formal diplomatic relations with its erstwhile enemy, Vietnam, thus ending a 31-year historical tragedy between the United States and Vietnam. However, time is still required to heal slowly the trauma inflicted by the Vietnam war on the Americans.

Diplomatic Relations Are Established Out of a Variety of Considerations

In 1991, the United States agreed with Vietnam on a range of specific steps leading to mutual recognition. As Vietnam had cooperated with the United States in locating U.S. prisoners of war [POW] and those missing in action [MIA] and had withdrawn its troops from Cambodia, the United States lifted the trade embargo on Vietnam in February last year and agreed with Vietnam in May to set up liaison offices in each other's capitals. After more than a year's transition, the United States saw that the time had come to establish diplomatic ties with Vietnam. Observers here believe that the main reasons the Clinton administration decided to give Vietnam diplomatic recognition at this time are that:

—The recognition will help continue the effort to locate U.S. POW's and the remains of MIA's. The Vietnam war cost the United States 58,000 American lives, apart from some 2,200 POW's and MIA's who to this day are still not accounted for. The Clinton administration believes that formal diplomatic recognition of Vietnam will help the United States maintain wider contacts with Vietnam, which will help the effort to locate U.S. POW's and the remains of MIA's.

The Recognition Helps U.S. Companies Break Into the Vietnamese Market

The recognition will help U.S. companies break into the Vietnamese market and compete with countries like Japan. At present, Vietnam is one of the fastest-growing countries in the ASEAN region, maintaining an annual economic growth rate of 8 percent over the last 10 years. Last year, its gross import and export turnover rose to \$8.1 billion, almost double that of 1991. The total amount of foreign capital approved by the Vietnamese Government for the first quarter of this year was \$1.9 billion, three times the amount in the same period last year. Vietnam estimates that in the next seven years the country will need \$7 billion of investment to finance its road and port projects and other infrastructure and to modernize its telecommunications. However, the absence of diplomatic relations between the United States and Vietnam puts American businessmen at a disadvantage in competing with other foreign firms. The American business sector, therefore, had lobbied hard for the Clinton administration to recognize Vietnam, so that they could move into the potential and developing Vietnamese market.

The Recognition Helps Dialogue Between the United States and Vietnam and ASEAN

—The recognition will help the United States in its dealings with Vietnam and ASEAN. Vietnam will officially

become an ASEAN member some time between the end of this month and early next month. If the United States had failed to recognize Vietnam this month, Secretary of State Christopher would have felt very uncomfortable when he found himself seated with the Vietnamese foreign minister at the end of this month when attending the conference of foreign ministers of the ASEAN region on security in Brunei; moreover, such a situation would not have helped the United States to deal effectively with ASEAN countries and Vietnam on a multi-lateral basis. On the other hand, with diplomatic relations between the two countries, Christopher can visit Vietnam after the conference for a direct dialogue with Vietnam on regional and bilateral problems. The United States believes that direct high-level dialogue will help its strategy of contact on Vietnam and push Vietnam to improve its human rights record.

—Some noted congressmen have done Clinton a big favor. The Clinton administration was ready to recognize Vietnam two years ago. But Clinton's draft-avoiding record during the Vietnam war and strong opposition from veterans' organizations and the families of MIA's and POW's prevented him from making up his mind on this highly sensitive issue. Recently, some congressmen, including Republican Senator McCain, tabled a bill in Congress urging Clinton to formally recognize Vietnam. McCain was a pilot in the Vietnam war and spent five years in prison there. With the active support and cover of such a veteran American soldier and war hero as McCain, Clinton was able to undertake the political risk of recognizing Vietnam. The Clinton administration was concerned that, if the issue dragged on, diplomatic relations between the United States and Vietnam might be postponed until 1997. As elections take place next year, it would have been very difficult for Clinton to make major decisions on the question of Vietnam during the elections.

Most Americans Support Diplomatic Recognition

Opinion polls show that most Americans supported establishing diplomatic relations with Vietnam. But the decision of the Clinton administration to give Vietnam diplomatic recognition was opposed today by such heavyweights as Senator Dole, the Republican presidential candidate, and Gramm, and has been resisted by the head of the 3-million-strong national U.S. Veterans Association, who think that diplomatic recognition is a "mistake" because Vietnam has not provided sufficient files and documents on U.S. MIA's and POW's. They worry that, with the granting of diplomatic relations, Vietnam will not be as active in assisting the United States in locating POW's and MIA's. U.S. veterans' or-

ganizations claimed that this day will be "Black Tuesday" for U.S. veterans every year from now on.

Beijing To Host Aviation Expo/China '95

OW1307110195 Beijing XINHUA in English
1022 GMT 13 Jul 95

[FBIS Transcribed Text] Beijing, July 13 (XINHUA) — More than 200 aviation companies from 23 countries and regions, including world aviation giants such as Boeing, Airbus and British Aerospace, will take part in the Aviation Expo/China'95 held in Beijing next October.

The exposition, to be held from October 10 through 14 in China International Exhibition Center, will display the most advanced civil and military aviation tools as well as airport equipment. The exhibition area will surpass 100,000 sq m.

The exposition, a biennial event starting from 1984, is another major world aviation show after those in Paris, Farnborough, England and Singapore, according to its promoter. And each of the past five shows was attended by hundreds of companies.

China's next big aviation show will be the Shanghai Aviation and Airport Expo '96 to be held in November of 1996.

Beijing Hosts International Chemistry Olympiad

OW1307111595 Beijing XINHUA in English
0739 GMT 13 Jul 95

[FBIS Transcribed Text] Beijing, July 13 (XINHUA) — The opening ceremony of the 27th International Chemistry Olympiad (ICO) was held here today at Beijing University.

Attending the contest will be teams from 41 countries and regions around the world. Each team will consist of four middle school students and two teachers. Some 170 contestants are expected to take part. Meanwhile, Spain, Vietnam, Belarus, Indonesia and Ireland have dispatched observers.

The contest will consist of tests and theoretical sections. The tests have been designed by 29 professors from nine universities, including Beijing University.

China dispatched a team to attend the ICO in 1987 for the first time, and won a gold medal, two silver medals and a bronze. In the following seven annual ICOs, China dispatched 32 contestants, and all of them won medals, including 20 golds, nine silvers and three bronzes.

ICO was initiated by former Czechoslovakia, Hungary and Poland in 1968. It became an international event

in 1984. Up to the 26th ICO in 1994, 47 countries and regions have dispatched teams to attend ICO.

United States & Canada
Article Rebuts 'China Threat' Theory
*HK1307013695 Beijing GUANGMING RIBAO
 in Chinese 1 Jul 95 p 3*

[Article by Lu Shi (6424 4258): "New Arabian Nights — Refuting 'China-Threat Theory'"]

[FBIS Translated Text] In the last two years, the Western press has been making a clamor about the "China threat," which has been echoed by a few people in Asia. With a view to misleading public opinion, they have stated that "the PRC is the power with the greatest ambition in the world today, and the only country that is constantly striving to increase its military power." Or, with an ulterior motive, they have continued spreading the view that "China is becoming more and more like a superpower," and that "it is engaged in the production of nuclear weapons in an attempt to control Asia."

Every objective foreign politician or serious scholar agrees that this sort of sensational talk is pure fiction, like the Arabian Nights, and is totally absurd.

In mid-1994, Mr. Shunji Tanaka, a member of the editorial staff of the Japanese newspaper ASAHI SHIMBUN, wrote an article entitled "The Accusation of China's Arms Expansion Is a Pure Absurdity." In the article, he pointed out: China's military spending is not as high as that of Japan and the ROK, and its armament is not as good. The accusation that China is expanding its armament is merely a deduction based on illusion rather than facts. He elaborated further in his detailed analysis, noting that China's military spending increased from 21.8 billion yuan in 1988 to 43.7 billion yuan in 1993, or double in five years. During the same period, however, the country's retail price index rose by about 78 percent, whereas the annual average growth in military spending was only some 4 percent; even by 1994, China's national defense budget was equal to only one-seventh that of Japan. The article also made a comparison between China and some other Asian countries and areas in terms of the strength of their naval and air forces, noting that the complaint that China is vigorously strengthening its naval and air forces is totally groundless.

During a conference early this year, Malaysian Prime Minister Mahathir quoted the yearbook of the Stockholm International Peace Research Institute, pointing out that China's military budget increased by only 7.07 percent during 1985-1993, while those of the ROK and Japan increased by 51.63 and 29.76 percent, respectively. Based on an estimate by the journal MILITARY BALANCE OF POWER [jun shi li liang dui bi 6511

0057 0500 6852 1417 3024] in its latest issue published in London, he noted that China's military spending is \$27.4 billion at par, still less than one-tenth that of the United States, which is valued at \$276.1 billion. Therefore, he concluded: "If we believe that the United States and Japan are harmless and present no threat, then perhaps we need not be worried about China's military spending at all."

Dr. Harry Harding, a senior research fellow of the U.S. Brookings Institute, holds that China's defense needs are justified, as viewed from the angle of China's efforts for military modernization. China is a large country with a vast territory. It is reasonable for this country to show concern about some issues related to its border. Therefore, it is not inappropriate for China to allocate a reasonable amount of its financial and material resources to military modernization, especially after a period like the 1980's, during which time, generally speaking, China's military budget remained rather low. Harding also expressly pointed out that China's relations with its Asian neighbors are now at their best since 1949.

Macke, commander-in-chief of the U.S. Army in the Asia-Pacific region, has expressed an insightful view; he said that a country's becoming a military power does not mean it poses a military threat. Military strength does not equal military threat, though military intention will pose military threat. Both former U.S. Defense Secretary Cheney and French chief of general staff Lanxade agreed: "China is concentrating on massive economic reform, and does not constitute any threat to Asia's security," and "we have seen no signs of China's possessing military force with the intention of expansion."

Then why are some people in the United States, the only world superpower, still fabricating the "China threat" fantasy? Needless to say, those who fabricate this fantasy must know clearly why they do so, but one can easily reach the following analysis:

1. To seek public support for U.S. arms exports.

The total volume of the world's arms exports has been decreasing every year since the beginning of the 1990's. What merits attention, however, is that U.S. arms exports have been increasing. Its aggregate arms-export volume in 1989-1993 was \$82.4 billion, much more than the total volume of arms sales of all other countries during the same period, which is valued at \$66.8 billion. U.S. arms sales in 1993 were even as high as \$33.2 billion, accounting for 73 percent of the world's total arms sales. When running for presidential election, Clinton called for curtailing the arms trade, but after being elected president, he urged all U.S. embassies

abroad to "promote arms sales as they would the export of household appliances and medical goods." Commerce Secretary Brown definitely told U.S. arms traders in 1993: "We will work with you, and will assist you in looking for buyers on the international market. We then will help you complete the transactions." Asian-Pacific countries have enjoyed rapid economic growth in the past few years, thus their potential to purchase arms has increased considerably. Fabricating the "China threat" fantasy can only encourage these countries to purchase U.S. arms in large quantities, will it not? After all, "supply creates demand." The Americans definitely know this trick very well.

2. To prepare public opinion for high military spending.

Although U.S. defense spending almost equals the sum of all other countries' defense spending, there still are some people in the United States making such remarks as: "If the United States continues to cut its defense budget, the gap in military strength between China and the United States will be narrowed," thus "it will be hard to maintain military superiority over China 20 years later." Their motive can be readily understood. On the other hand, as the United States has withdrawn two-thirds of its armed forces in Europe, "the U.S. military has begun to spread the 'China threat' fantasy, lest its Pacific forces should face the same fate."

3. To sow discord between China and other Asian countries.

The Asia-Pacific region is an important factor in U.S. efforts to reinvigorate its economy, enhance its competitive power, and increase job opportunities. The region contributes nearly half of the world's GNP. U.S. exports to this region amount to \$120 billion, three times as much as the U.S. trade volume with Latin America, and 50 percent more than the volume of U.S. trade with Western Europe. U.S. trade with this region has a bearing on the employment of 2.3 million Americans. Therefore, the Clinton administration has always maintained that the U.S. economy should do its best to explore the Asian market and to infiltrate Asian countries. In the meantime, in the belief that China is the "greatest threat" to its interests in Asia, the United States is spreading the view that "China wants to fill the vacuum in Asia," in a bid to sow discord between China and other Asian countries, and to reduce China's influence so that the United States can profit from the conflict.

In the final analysis, as a Japanese newspaper put it: "As long as the Communist Party refuses to give up its leadership, Western countries will not lower their guard against China." The "China-threat idea" is just a sort of "prejudice against and panic over" China, stemming

from an abnormal mentality of vigilance. Prejudice blinds people to important basic facts, and panic leads to wrong judgments. Therefore, some Americans believe: "Unemployment and inflation very likely will cause a social and political split (in China). In order to survive, the Chinese leaders must gain access to the U.S. market, and must acquire U.S. funds and technology, which offer Washington an opportunity to exercise greater influence on China."

This erroneous judgment naturally leads to an erroneous policy. A high-ranking U.S. State Department official said recently: "Looking forward to the next several decades, we see that China will grow stronger and stronger. For this reason, we are pursuing a policy, and some policies in other areas, with a view to reducing this latent threat." This explains why the United States continued to make trouble in Sino-U.S. relations in recent years: The "incident of the cargo ship Yinhe," which was purely fictitious; the issue of "most-favored-nation treatment," which has dragged on year after year; the obstacles to talks on China's re-entry into the General Agreement on Tariffs and Trade; and the latest development — the United States flagrantly allowed Li Teng-hui to visit, in defiance of the three Sino-U.S. joint communiques, in an attempt to create "two Chinas" and "one China, one Taiwan," thus landing Sino-U.S. relations in peril.

The Chinese people know quite well about the U.S. policy of containment. If the U.S. Government is to play the same old trick again, this will be nothing to be surprised at or afraid of. After all, the sky will not fall. History has proved time and again that no one can prevent the 1.2 billion Chinese people from forging ahead.

'Long-Term' Struggle With U.S. Warned
HK1307050295 Hong Kong EASTERN EXPRESS
in English 13 Jul 95 p 1

[By Zhang Hongjun and Paul Godfrey]

[FBIS Transcribed Text] In preparation for further confrontation with the United States over the arrest of the human rights activist, Harry Wu, cadres of the Chinese Communist Party have been alerted to be prepared for a "long-term" struggle with the U.S., according to a source in Beijing. In an internal document circulated yesterday among party officials of provincial rank and in the military, Beijing admitted that it had earlier misinformed the U.S. Consul-General, Arturo Macias, as a matter of strategy. Macias had been made to go to Xinjiang, in northwest China, to look for Wu, when he had already been transferred to Wuhan, central China.

The document told cadres that Beijing's apparent position would be that Wu's case would be treated as a criminal matter rather than a political one, to avoid its being linked with the recent impasse in U.S.-China relations. "But despite strong protest, the Clinton administration has allowed Li Teng-hui to visit the US, and we shall have no other choice but to allow that relationship to deteriorate unless the U.S. sticks to our principle," it said. The document called for the party to remain on "high alert" against the U.S. policy of containing China.

Wu's wife, Chen Ching-lee Wu, met the National Security Adviser, Anthony Lake, yesterday. She said she had urged Hillary Clinton not to attend the United Nations' women's conference being held in Beijing this September. A White House spokesman, Mike McCurry, said it now does not appear likely that Clinton, as an honorary chairwoman of the conference will attend.

The U.S. State Department yesterday issued a warning to US citizens attending the conference. It warned that delegates could face arrest and imprisonment if they carried Bibles into China, engaged in religious activities or met in small groups. Officials told women's groups' leaders that neither Washington nor the U.S. Embassy in Beijing had the power to protect the rights of U.S. citizens attending the conference who were arrested or detained for breaking local laws.

About 100 women preparing to head delegations from the U.S. were told that holding small, impromptu meetings, displaying banners calling for progress on human rights in China, and taking politically sensitive photographs were likely to result in their arrest, detention or deportation. "You may be thinking of taking a lot of Bibles. That is not a good idea. They don't like that. 'Obey all laws all of the time,' the women were told.

In a clear reference to the plight of Wu, who is facing a lengthy jail term for espionage despite being a U.S. citizen, and who had been travelling on a valid Chinese visa, delegates were told that if they broke Chinese law they would be treated just like Chinese citizens. "You will get no special benefits because you are an American citizen," the State Department warned.

Party Paper on U.S., Western Spying
95P30122A Beijing RENMIN RIBAO in Chinese
11 Jul 95 p 6

[FBIS Translated Text] Although the Cold War has come to an end, the espionage war which accompanied it and rapidly expanded shows no signs of dissipating. In the West, this espionage craze seems to be continuously heating up. If you do not believe it, first consider a few facts: On 3 July, Deutch, the new director of the U.S. Central Intelligence Agency, said directly that the

United States cannot relax in its overseas intelligence but must continue to develop its espionage activities in all corners of the world. Before this, the U.S. House of Representatives intelligence committee held limited hearings in which six former directors of the CIA fully participated, unanimously calling for an augmented U.S. intelligence effort to effectively deal with the new strategic and security challenges facing the United States in the wake of the Cold War. President Clinton hence gave Deutch unprecedented "cabinet secretary status."

The United States' actions to enhance its intelligence system are not unrelated to the circumstances of the western espionage war revealed in the book recently published in the United States, "Friendly Spies." This book factually records the various espionage activities of traditional U.S. allies, such as France, Germany, and Japan, in pursuit of the "United States' store of official documents," which have caused serious harm to U.S. interests. Because of this, former CIA director Woolsey raised a cry of warning that "we must bring an end to this situation; we must resolutely prevent these kinds of actions!"

In fact, compared with the United States, the espionage activities of its European and Japanese allies pale into insignificance. Some time ago, France dropped all pretense and publicly expelled five U.S. "diplomats" all at once. This is a case in point.

Historically, espionage has been an invisible battlefield. During the Cold War era, an all-pervasive espionage war primarily existed between the eastern and western military blocs, yet "internal espionage" among the western allies was also an open secret. Now, in the wake of the major changes in the world situation, a few new trends have manifested themselves on the invisible battlefield.

In the last few years, the intelligence departments of the western great powers competed to invest even greater personnel, material, and financial resources, continuing a philosophy that "there are only opponents; there are no friends." Intelligence work has changed its focus from the past's military and political affairs to economics and technology. Hence, the U.S. Central Intelligence Agency established six "special intelligence teams." Japan has made collecting economic and S&T intelligence against other nations an important channel for making the transition from an economic to a political great power. France gives special status to stealing trade, industrial, financial, and S&T secrets. Great Britain and Germany have also greatly enhanced espionage activities in these areas. In addition, the scope of espionage is increasing. The U.S. House of Representatives intel-

ligence committee chairman recently emphasized that the targets that U.S. intelligence must pursue include not only military affairs, but also numerous other aspects related to religious clashes, ethnic conflicts, terrorist acts, and the proliferation of weapons of mass destruction. Thus, "the task is becoming more arduous."

After the end of the Cold War, the espionage craze has continued to heat up. This shows that in one respect, the world is still not too peaceful. The world situation is becoming more intricate, and mutual mistrust and wariness among the western great powers are becoming increasingly deep. At the same time, that the espionage craze is gradually heating up also reflects the fact that economic conflicts among the various western nations are becoming more intense. In a world where the trend is for economics to take precedence, the focus of a nation's strategic security is increasingly found in the realm of economic security. It is natural that the western nations have shifted the focus of their espionage activities to economics and science and technology. On the "invisible battlefield," they strive against each other, none giving ground, locked in unceasing struggle, not knowing how to harmonize.

*Effects of Beijing's U.S. Retaliation Measures

95CE0311B Shenyang ZHONGHUA DISAN CHANYE BAO in Chinese 12 Jan 95 p 1

[Article by Da Jun (6672 0689): "Shenyang Newspaper on Effects of U.S. Retaliation Measures—Effect of Counter-Retaliation Measures by China on the U.S."]

[FBIS Translated Text] The new year has just begun when pyrotechnics suddenly broke out in trade between China and the United States. It looks like daggers are drawn in the present situation. One can easily tell why the United States expects to apply sanctions toward China. But what effect will China's counter measures have on the United States? This is a point that calls for careful analysis here.

In the first place, a 100 percent increase in the tariff on imports of game equipment, game cards, recording tapes, laser disks, tobacco, alcohol, and cosmetics will be levied. The benefits of this move for the United States is very slight. Take the 1993 figures from Chinese Customs as an example. They show that China imported entertainment game equipment worth \$2.92 million, magnetic tape and disk recordings worth \$1.86 million, 2.3 million kg of tobacco, and 36.57 million liters of wine worth \$4.89 million, and 12 kg of cosmetics worth \$920,000. The total value for all these items does not add up to \$100 million.

On the subject of movies, videotapes, video recordings and compact disk recordings imported from the United

States, this reporter has obtained detailed statistics from Chinese Customs, and estimates that their total value not to be in excess of \$100 million. The Americans had complained that China only allowed ten movies per year into the country. That is to say that, in reality, the American movie industry has yet to enter China's entertainment market.

The fact that China has increased the tariff on these products, or temporarily stopped their entry, creates barely a dent in the gross value of more than \$40 billion in trade between the United States and China. Considered against U.S. exports of close to \$450 billion, this is merely scratching the surface.

Let us consider some measures associated with the following items: suspend temporarily the cooperative trade relationships with the U.S. Video Products Federation, the International Alliance on Intellectual Property Rights, and the Business Software Alliance. This measure is not a visible retaliation, the actual effect of which cannot be measured with numerical statistics, though it will definitely affect the U.S. interest. For example, the United States cannot interfere with problems of software duplication and the translation of published materials. The trade in intellectual property between the United States and China is not great at the present stage, possibly not in excess of several hundred thousand dollars; but, future trade in this commodity is expected to grow. In particular, the cost for certain high-tech software is quite expensive. As China's industries become more high-tech, the volume of trade in intellectual property rights will become greater. Therefore, by adopting measures dealing with these three groups, China can hurt American interests severely. The fourth measure is temporarily suspending acceptance of applications from American companies that make video recordings to establish branches or offices in China. Up to the present time, joint ventures, or solely U.S. funded enterprises, are few. This measure can only throw a wrench into the plans of individual American companies to open up a market for their video recordings, but that is not important.

The fifth measure is suspending temporarily the acceptance of applications from American chemical and pharmaceutical companies for investment in China. In this area, the American attitude toward investment is comparatively great, both in inclination and in sizeable sums.

The sixth measure calls for temporary suspension of discussions with American companies on joint ventures to manufacture trucks, which involves the investment of several billion dollars. This will be a severe strike

against the American auto industry in its effort to enter the China market.

The seventh measure calls for temporarily suspending the acceptance of applications from American companies and their subsidiaries to set up investment companies in China. The contents of each of the measures from the fourth through the seventh become increasingly severe as listed, and the seventh measure deals the most severe strike against American investment in China. It is quite simple—controlling American investment in China also controls American exports to China.

Take investment by the auto industry as an example. If the Ford Company invests two billion dollars in China, it will put into motion the export to China of several hundred million dollars worth of American equipment and parts. So, when action is taken on the last few measures just described, several billion dollars, at the very least, for investment in China is affected. This, in turn, will affect several billion dollars worth of American exports to China.

From this angle, matching American sanctions on trade with China involving goods worth \$2.8 billion against China's retaliatory measures against American exports, there is no question that the value of American exports affected will far exceed \$2.8 billion.

According to analysis, China has not done anything about imported goods, except to write about limiting American investment in China. What does this explain? That is, in Sino-U.S. trade, China is the partner with exports greater than imports, and the United States is the one with imports greater than exports. Statistically, the United States and China show different figures. Take the Sino-U.S. trade deficit for example. The United States asserts that its trade deficit in 1993 was \$23 billion, but the Chinese account only shows \$6.3 billion. During this year, China imported goods worth \$10.6 billion, and exported goods worth \$16.9 billion. The United States calculations included figures from trade conducted via Hong Kong, while China recorded exports to the United States worth \$16.7 billion in the Hong Kong account. So, in 1993 China actually exported goods worth \$33 billion to the United States, and imported a little more than \$10 billion. In this mutual retaliation fight, China is not threatened with import restrictions.

However, China is a potentially great market. Taking over this large market will create many jobs in the United States and save many American businesses from disaster. What is most important is its generation of exports to China. For example, a well known manufacturing company, Westinghouse Electric, has been going downhill the last few years. To revive itself, it recently gambled everything on a single move by

competing for the China and India markets and placing its hopes on developing nations. The China market is the outlet for many such large companies. Closing the door on these American companies is a critical strike against American interests. Therefore, counter-retaliatory measures taken by China is serious food for thought for the United States.

However, serious retaliation by both sides do not benefit anyone. It results only in losses for both. Therefore, both sides should not lose sight of the big picture because of some small detail which could result in an irreversible blowup.

*Hong Kong Paper on Sino-U.S. Trade Talks

95CE0311c Hong Kong CHING CHI TAO PAO [ECONOMIC REPORTER] in Chinese 13 Feb 95 No 6, pp 9-10

[Article by staff reporter Wen Hua (2429 5478): "Sino-U.S. Trade Talks Again Resumed"]

[FBIS Translated Text] As Sino-U.S. negotiations on intellectual property rights were unable to reach agreement on 4 February because of repeated twists and turns in the talks, the United States announced trade sanctions against Chinese goods. China did not back down, but immediately declared a series of counter-retaliatory measures. Fortunately, the affair climaxed through diplomatic channels on both sides, and the talks were reopened this week. However, if both sides are sincere, and are able to sit down to talk, the negotiations can be completed.

China and U.S. Each Pursuing Own Course of Action

Actual discussions between both governments have been ongoing for twenty months. Because no consensus was reached before the 4 February deadline, the United States took advantage of a special 301 law, and announced the levy of a 100 percent tariff on Chinese imports, which include miscellaneous plastic products worth about \$465 million, telephone answering and recording equipment and cellular phones worth \$108 million, and sports equipment, wood products, bicycles, etc. with a total value of \$1.08 billion.

After the United States announced trade sanctions, the Ministry of Foreign Economic Trade and Cooperation immediately took counter-retaliatory trade measures against American imports, which include game equipment, video cassettes, compact disks, alcoholic beverages, cosmetics, roll film, and range-controlled telephone switchboards. Besides the usual customs levy on these products, an additional special tariff of 100 percent would be levied. Entry was also temporarily suspended

for movies, television programs, video recorders, and laser viewers. Cooperative trade relationships with the Recording Industry Association of America, the International Federation on Intellectual Property Rights, and the American Association of Software Publishers were also suspended. Suspended also were applications from the recording industry producers to establish branches or offices in China, applications for American chemicals and pharmaceuticals to be manufactured in accordance with Chinese requirements, ongoing discussions on auto manufacture joint ventures, and approval for allowing American companies to set up investment companies in China. All of these measures were to take effect the day the United States applies its sanctions.

The Sino-U.S. trade war is like an arched bow with a critically placed arrow ready to be released at the slightest touch. However, diplomatic negotiations were scheduled to begin in Beijing. Once this news got out, an audible sigh of relief was heard, for most people felt the likelihood of a Sino-U.S. trade war had greatly diminished. Furthermore, American capital again poured onto the Hong Kong stock market last week, and the Heng Sang index continued to go up for several days.

The U.S. Price Is Too High

Since President Clinton announced on 26 May 1994 that trade with China would be separate from human rights, the Sino-U.S. relationship has improved; but where the matter of intellectual property rights is concerned, both sides have not been able to reach agreement after talks over a long period.

It cannot be denied that over a long time China has not been paying enough attention to this concept of copyrights on intellectual property. The pirated use of copyrighted property is quite rampant in China. On one hand, there are offenders who do not know the law, nor understand the concept of intellectual property rights. On the other hand, there are the deliberate lawbreaking offenders who want to reap colossal profits by pirating copyrighted material. As China is a developing nation where the economic standard of living on average is not high, this situation provides a breeding ground for such practices.

However, the Chinese government recently did adopt some moves to strengthen control of pirating activities. Particular attention was focused on pressing of pirated compact disks at plants located in the coastal area of southern China. Several relevant central government agencies, including the State Copyright Office and the Bureau of News Publication, jointly issued an "Urgent Notice on Strengthened Control of Compact Disc Reproductions and Strict Punishment for Pirat-

ing". This requires the government on provincial and municipal levels to rectify such activity found in production lines, and to punish plants engaged in reproducing pirated copyrighted material. Related government agencies have already ordered six compact disk production lines in Zhejiang, Hainan, and Guangdong provinces to cease production, to reorganize, and clean up their act. From April to June, several thousand persons in more than ten provincial and municipal locations conducted a surprise check of the audio visual market and confiscated 258,100 compact disks, laser disks, and 441,400 video cassettes that were illegally reproduced. During the first half of last year, the publications market in Beijing and some provincial centers and cities was checked; and incomplete statistics from this action indicated 600,000 pirated books were seized. The nationwide attack on wrong doing and decadence that began last October also uncovered more than 1.58 million volumes of pirated publications and more than 2.2 million pirated laser disks. To further protect the legal rights of the author and the copyright industry, "Guidelines Determining Criminality and Punishment for Copyright Infringement" was passed last July. Because of this, marked improvement has been made in protecting intellectual property rights.

But China, after all, is a large country covering a broad area, and strengthening the people's understanding of intellectual property rights requires education over a long period of time. And it is obvious that requirements laid down by the United States in the past were too stringent and inconsistent with the reality in China. For example, the first requirement calls for actually forming and implementing a "coordinated attacking force that reports to the United States government every quarter"; the second calls for structural reform—revising China's civil and criminal codes to lower litigation costs, and eliminating the registered trade mark system; and the third involves market entrance, where China is asked to open completely to the U.S. market. Not only are some of the conditions beyond the capability of developing countries such as China, they are also difficult for developed countries such as the United States. Moreover, market entrance smacks of favoritism; and its illogic is obvious to all. Consequently, if the United States is really sincere in the talks this time, it must also understand China's difficulties. If the price is still too high, it might just wind up with both sides losing and wounded.

Effect on Hong Kong Not Small

Should a trade war really erupt between China and the United States, not only will it hurt the United States, but effects from it also will be felt in places such as

Hong Kong and Taiwan. Last week the Hong Kong government issued a new report evaluating the effect that U.S. retaliatory measures against China would have on the Hong Kong economy. The report indicated that due to U.S. sanctions based on the latest listing that will be subject to the 100 percent tariff, the effect on the Hong Kong economy, calculated at a maximum ratio of 2.3 percent, as based on 1994 figures, of the total value of the transit trade of goods shipped via Hong Kong, would be \$580 million. This figure is higher than the second estimate made by the Hong Kong government last month by \$110 million. Because sanctions have a diffusive effect on other trade and economic activity, as many as 4,700 jobs may be affected within a year; and local productivity will drop 0.14 percent.

But the latest sanctions announcement by the United States shows the total value of goods on the list has been reduced from \$2.8 billion to \$1.08 billion, and does not include toys. Listed mostly are electronics and textiles which Hong Kong exports in considerable volume, but rubber or leather shoes were not spared. Hong Kong businessmen who have set up shoe factories in China are likely to incur losses. According to statistics, there are over a thousand Hong Kong companies engaged in shoe production in China, investing more than \$1.2 billion in their business ventures. Battery-powered watches are also on the sanctions list, and about 60 percent of watches and clocks shipped from China to the United States are products of ventures engaged in by Hong Kong businessmen. Losses to these Hong Kong businesses have yet to be calculated.

When Sino-U.S. talks on intellectual property rights are resumed this week, we hope that both countries can reach an agreement at this critical juncture; otherwise, the effect of non-agreement will be serious. However, as the Sino-U.S. trade deficit continues to grow, trade friction between the two countries must necessarily increase. Therefore, Hong Kong must not depend on a single market, but must explore and develop multiple markets.

Tibetan Song, Dance Ensemble Debuts in Chicago

OW1307112695 Beijing XINHUA in English
0823 GMT 13 Jul 95

[FBIS Transcribed Text] Chicago, July 12 (XINHUA) — The Chinese Tibetan Song and Dance Ensemble gave its premiere Wednesday [8 July] evening to an audience of 1,000 in the auditorium of Rosary College, Chicago, starting its performance tour in the United States.

The repertoire tonight included selections from Lamasery Dance, which is performed during the Great Prayer Festival of the Gelukpa Sect of Buddhism, as

well as traditional folk Songs and dances dating back hundreds of years.

There was an episode from the Tibetan opera, Gombo Dorje, written by an 18th-century Tibetan scholar and poet, Gongtang Danbei Dromei. It tells of the Lama Milarepa, founder of the Geju Sect of Lamaism, admonishing a hunter and his dog to give up killing.

The performance with distinctive national flavors drew applause from the audience.

The group arrived in the United States yesterday at the invitation of the Committee of the North Carolina International Folk Festival after a tour of Canada. The group includes 18 leading artists from the Tibetan Song and Dance Ensemble of China, which was founded in 1955.

The actors and actresses are from China's Tibet Autonomous Region and Tibetan communities in Gansu and Qinghai Provinces in northwestern China and Sichuan Province in China's southwest. Many of them have won national awards. They have received training at the local or central institutes of arts.

Head of the delegation, Tashi Gongbo, 56, is a prominent Tibetan playwright, poet and photographer. Gongbo said that all members of the ensemble are "children from the grasslands." They regard their performance tours abroad as a good chance to promote Tibetan traditional art and culture and to learn from artists of other countries, Gongbo said.

The troupe will give four more performances in Chicago and St. Louis and is scheduled to participate in international folk art festivals in North Carolina and Florida. They will also perform in Los Angeles and San Francisco before leaving for home in mid-August.

Central Eurasia

Jilin, Russian Maritime Kray Hold Border Talks

SK1307092495 Changchun JILIN RIBAO in Chinese
1 Jul 95 p 1

[Article by reporter Liu Li (0491 0500): "The Combined Work Group of Jilin Province and Russian Maritime Kray Holds a Border Talk"]

[FBIS Translated Text] On 29 June, the combined work group of Jilin Province and Russian Maritime Kray held a border talk in Hunchun city. Acting Governor Wang Kunyun, Vice Governor Liu Xilin, and Nazidelajienke [name as transliterated], administrative chief of the Russian Maritime Kray, conducted talks on enhancing the friendly cooperation between the province and the kray.

Wang Kunyun expressed welcome to Nazidelajienke for his coming to participate in this border talk right after his visit to our province, and appraised the efforts of Russian Maritime Kray to enhance common development with our province. He held: Jilin Province and Russian Maritime Kray are neighbors linked by common mountains and rivers, and have a long-standing relationship of friendly cooperation. Since the establishment of a friendly relationship in 1990, the associations between the two sides have been constant; the fields of exchanges have continued to expand; and economic and commercial cooperation has made considerable progress. The two sides opened the goods transportation of Hunchun Port (Kraskino) and conducted construction of port facilities in 1991. The port has begun to take shape. Up to the end of 1994, goods traffic at the port registered 184,000 tonnes, more than 67,000 people, and more than 28,000 vehicles of all kinds. The construction of the Chinese-Russia border railway between Hunchun and Maherino and the construction of Russian Zarubino harbor also achieved conspicuous results. It is wished that during this talk the two sides can observe the spirit of the "memorandum of talk," which was signed on 19 June in Changchun; follow the principles of equality and mutual benefits, mutual respect, and common development; understand and give ground to each other; consult on matters in a friendly manner; and make the talk complete and successful. A friendly association as well as economic and commercial cooperation between the province and the kray will be thereby promoted, and new contributions to enhancing the continuously developing friendly relationship between China and Russia will be made.

Nazidelajianke held: The border talk between the province and the kray has historical meaning. As long as the two sides can conduct frank exchanges and work hard together, friendly cooperation between the province and the kray can develop further on the former basis and achieve more and greater results.

Afterwards, Vice Governor Liu Xilin (Chinese-side chief of the combined work group) and Bieurqoke [name as transliterated], deputy administrative chief of the Russian Maritime Kray (Russian-side chief of the combined work group) fully exchanged opinions on strengthening mutual visits and coordination of the two sides; accelerating the construction of ports, railways, harbors, and communications; and expanding economic and commercial cooperation as well as the implementation of cooperation projects. After this, the representatives of the two sides held talks by groups on the issues mentioned above, and signed the "memorandum of the border talk of the combined work group of Jilin

Province and Maritime Kray" as well as three cooperation agreements.

Attending this border talk were Su Rong, member of the provincial party committee standing committee and secretary of the Yanbian Chaoxian nationality autonomous prefectoral party committee; the persons in charge from the provincial government and the provincial military district; the comrades in charge from the Yanbian autonomous prefectoral government and the Changchun city government.

Northeast Asia

Vice Chairman Wang Meets Japanese Guests

*OW1107134895 Beijing XINHUA in English
0748 GMT 11 Jul 95*

[FBIS Transcribed Text] Beijing, July 11 (XINHUA) — Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], met with Isamu Takada, governor of Japan's Nagasaki Prefecture, and his party in the Great Hall of the People today.

The Nagasaki Prefecture delegation led by the Governor is here as guests of the China Association for International Friendly Contact.

Li Lanqing Meets Japanese Economic Delegation

*OW1207113395 Beijing XINHUA in English
1104 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — Chinese Vice-Premier Li Lanqing met here today with a Japanese economic delegation, headed by Sinroku Morohashi, special advisor of the Japanese Chamber of Commerce and Industry.

The delegation is here as guest of the China International Trust and Investment Cooperation.

Editorial Marks 7 Jul Incident Anniversary

OW1307112295 Beijing XINHUA Domestic Service in Chinese 1339 GMT 6 Jul 95

[RENMIN RIBAO editorial: "Historical Revelations — Marking the 58th Anniversary of the 7 July Incident"]

[FBIS Translated Text] Beijing, 6 Jul (XINHUA) — This year is the 50th victory anniversary of the world's war against fascism and China's war of resistance against Japan. It is of special significance for us to mark, at this moment, the 7 July Incident, which took place 58 years ago and constituted the beginning of the great War of Resistance Against Japan, and review this period of history.

On 7 July 1937, under the Japanese militarists' carefully calculated plot, Japanese troops bombarded Wanping town and Luogouqiao. Hence, there was an overall escalation of the war of aggression against China and their wild ambition to swallow up China as a whole was thoroughly exposed. Sharing a bitter hatred of the enemy, the Chinese army and people rose and hit back hard. With the heroic spirit of "rather dying in the war than becoming a slave of a foreign power," they launched a life-and-death struggle against the arrogant and imperious Japanese aggressors, thus opening up a glorious page in the annals of the Chinese national war against aggression.

Through eight years of the long and hard war of resistance against aggression, the Chinese people won the great victory. Since then, modern China has closed the history in which whenever a foreign invasion occurred, China fought many battles with the aggressors but lost every one of them. For the first time, it won complete victory in fighting imperialist aggression and thus made great contributions to the victory of the world's war against fascism.

History is a great teacher. We should review the past because it helps us to understand the present and draw a precious lesson from historical experience. This will give an impetus and encouragement to us in opening up the future and realizing the great ideal of national rejuvenation.

Past events tell us that if we are backward, we will be in a position of being beaten. For a nation to stand on its own feet and become powerful through its own efforts, it should develop the economy as well as science and technology and maintain powerful comprehensive national strength. The Japanese militarists' outrageous invasion of China was determined by their aggressive nature. The fact that China in those years was accumulatively weak and poor and was in an inferior position in terms of economy as well as science and technology also helped provide them an opportunity to capitalize on. The economy as well as science and technology are the foundation of national defense. Without a developed economy as well as science and technology, there will be no powerful national defense and it will be difficult to safeguard national independence and tranquility. This is a lesson paid for with fresh blood. The China of today is not China of 50 years or so ago. Through a protracted hard struggle, particularly since the 17 years of reform and opening up to the outside world, China's economic and comprehensive national strength have grown greatly. It has become one of the Asian countries, and even of the world at large, whose economies are developing dynamically. We should continue to uphold Comrade Deng Xiaoping's theory of building socialism with Chinese

characteristics and the party's basic line, firmly grasp the guiding ideology of taking economic construction as the center of all endeavors, deepen reform, open up wider to the outside world, pursue the strategic principle of "developing the country with science and education," work hard and do solid work, and continuously uplift China's socialist modernization to a new level.

History tells us that the Chinese nation's solidarity and unification constitute the greatest strength for defeating any enemy. Why was China unable to protect itself when it was repeatedly invaded over the past century? One important reason was that China in those days was a disintegrated country plagued by a corrupted political system and years of wars one after another. Because of the 7 July Incident, China came face to face with the danger of being conquered and the Chinese race being destroyed. Courageously stepping forward and holding high the banner of fighting the Japanese, Chinese communists, on the basis of promoting cooperation between the Kuomintang [KMT] and the CPC, formed the broadest national united front to resist Japanese aggression, and thus a new, indestructible Great Wall was built by Chinese people of all nationalities with their bodies. Our lofty patriotism and our strong national coherence startled the whole world. When we reexamine the history of that period, we can see even more clearly that our country's unification and our nation's solidarity are the most important factors that guarantee our triumph over our enemy and all difficulties. Thus, today and in the time to come, we must safeguard our country's unification and national solidarity as if we are protecting our own eyes. Anyone trying to undermine our motherland's unification and national solidarity always ended up disgracefully.

History also tells us that the CPC was the most important political force leading the whole country to achieve national liberation, and rejuvenation. One enormous change taking place during the War of Resistance Against Japan was that the CPC became the staunch organizer and instigator who rallied the people. The Japanese invaders' main adversary was no longer the Qing regime during the 1894-95 Sino-Japanese War, or Yuan Shikai who signed the "21-Article Treaty" of national betrayal and humiliation, or the KMT government which sat idly by and watched the fall of the three northeast provinces during the 18 September Incident; but the Marxism-armed CPC that considered the liberation of the country and nation as its bounden responsibility. It was the CPC that attached great importance to overall national interests, brought about KMT-CPC cooperation, and pushed the whole nation to fight the Japanese; and it was the CPC-led people's army that played a tremendous part in winning

the War of Resistance Against Japan by rebuffing 64 percent of the Japanese intruders and 95 percent of the puppet troops. The CPC and the vast number of soldiers and people it led were the pillars of China's War of Resistance Against Japan. While people should not forget the meritorious services rendered by the patriotic KMT officers and men who gave up their lives for the country, no one can deny that it was the CPC and the people it led that saved China from imperialist and colonialist oppression and built an independent and democratic New China. We can say that the dignity, honor, and prestige that the Chinese nation has been enjoying over the past 50 years or so have always been associated with the CPC. Under the leadership of the party Central Committee with Comrade Jiang Zemin as the core and by counting on and uniting with people of all nationalities in the country, Chinese communists who have glorious revolutionary traditions certainly can shoulder their new, sacred mission, namely building our motherland into an affluent, strong, democratic, and civilized socialist modern country.

When we mark the 7 July Incident, we naturally will think about the relations between China and Japan. The aggressive war that Japanese imperialists launched 58 years ago inflicted inestimable losses on the Chinese people, and also seriously endangered the Japanese people. The heinous crimes that the Japanese intruders committed in China are too numerous to be listed. The iron-clad facts can never be overturned. As we mark the 50th anniversary of the end of the war, the overwhelming majority of Japanese people also wish to use this occasion to reflect on the history of Japanese militarists' aggression and learn a lesson from it; but we must also be alert that there is still a force in Japan that vainly attempts to follow the same disastrous road, and that it also has its representatives within Japan's political circles. These people have distorted history, beautified aggression, and refused to reflect. This goes against the historical tides and is something peoples of all Asian countries, including the Chinese people, will never accept. "If not forgotten, past experience is a guide for the future." A nation cannot possibly make a sensible decision to renew itself unless it properly reflects on history. China and Japan are neighbors separated only by narrow waters, the peoples of both countries strongly wish they can be friends in future generations. On our part, as always, we will cherish the friendship between the two peoples; and we will also work hard with all forces and people in Japan who stand for and dedicate themselves to promoting Sino-Japanese friendship, to write a new chapter of friendly cooperation. Chinese and Japanese peoples must continue to be friends for a long time to come. We must never let the historical tragedy reoccur.

DPRK Envoy Attends Treaty Reception

*OW1107083095 Beijing XINHUA in English
0757 GMT 11 Jul 95*

[FBIS Transcribed Text] Beijing, July 11 (XINHUA) — The Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the China-Korea Friendship Association held a reception here today to mark the 34th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

President of the CPAFFC Qi Huaiyuan and ambassador of the Democratic People's Republic of Korea to China Chu Sung-chun attended the reception.

Near East & South Asia

Kidnapped Chinese Engineer Rescued in Pakistan

*OW1107054495 Beijing XINHUA in English
0510 GMT 11 Jul 95*

[FBIS Transcribed Text] Islamabad, July 11 (XINHUA) — A kidnapped Chinese engineer working in Pakistan was rescued last night after being held for hostage for 14 hours.

China Petroleum and Engineering Construction Corporation (CPECC), for which the engineer works, told XINHUA this morning they have not got details of the rescue work so far.

The CPECC said the engineer was kidnapped by unidentified gunmen around 9:00 AM while he was working at contract No. 9 of CPECC near D.I. Khan of Northwest Frontier Province (NWFP).

The kidnappers came on a motorcycle. They put the Chinese engineer into their pick-up van along with the motorcycle and drove away.

However, the engineer was rescued at 11:00 PM after being held for 14 hours.

It is not known if the kidnappers demanded anything for the exchange of the hostage.

This is the fifth time Chinese engineers were kidnapped from their working sites since 1991.

Three German engineers were kidnapped in NWFP last month. One of them and their Pakistani driver were freed on July 3.

Pakistani Concern at Indian Military Buildup Noted

*OW1207132195 Beijing XINHUA in English
1243 GMT 12 Jul 95*

[FBIS Transcribed Text] Islamabad, July 12 (XINHUA) — Pakistan Foreign Minister Sardar Asif Ali today

expressed his deep concern over what he described as the military buildup by India in Jammu and Kashmir.

Asif Ali said at a press conference here that India has deployed 600,000 armed personnel including military, paramilitary forces and police in the area.

Moreover, the foreign minister said Pakistan has enough evidence that India has deployed "Prithvi" missiles against Pakistan.

Describing the situation as "alarming," he said India's military buildup means the country "goes to military solution" rather than negotiation settlement of the Kashmir issue.

The enhancement of military machine in Kashmir leads to "further oppression" and "crackdown" against the Kashmiri people, the foreign minister added.

"It has enhanced tension between India and Pakistan," he pointed out.

Asif Ali also accused India of repeated violations of the line of control which resulted in the loss of life and property of Pakistani people.

"It is a tense moment between Pakistan and India not only because of the deployment of 600,000 troops but also the further increasing repression in India-occupied Kashmir which raised the anger of the Pakistani people and dismay of the world community," he said.

"It is a matter of extreme worry to Pakistan," he stressed.

"The situation is alarming for the region and the whole world and Pakistan feels threatened by the Indian military buildup," the foreign minister added.

However, he warned that Pakistani army is fully prepared to meet any untoward event and has all the abilities to defend the country's territory.

He reiterated Pakistan's firm position for a peaceful settlement of the Kashmir problem through negotiations.

West Europe

Song Jian Meets European Visitors

*OW1307114295 Beijing XINHUA in English
1128 GMT 13 Jul 95*

[FBIS Transcribed Text] Beijing, July 13 (XINHUA) — Song Jian, Chinese State Councillor and minister in charge of the State Science and Technology Commission, met here today with Paul Braendli, president of the European Patent Office (EPO), and his party.

Song said that the patent protection is the core of the intellectual property rights protection, and Chinese government and scientific circle attach great importance

to the cooperation in this regard with EPO and European Union.

Such cooperation in the past 10 years had yielded good results, which has promoted the patent protection in China, Song added.

He noted that since China issued the Patent Law 10 years ago, the Patent Office of China (POC) had accepted and awarded 470,000 and 240,000 patent applications respectively till the end of last month.

He expressed his confidence that Braendli's current China tour would further the cooperation between China and EPO on the protection of patent and intellectual property rights.

Braendli said that he was deeply impressed by the importance China had attached to the intellectual property rights protection, and he hoped to expand the cooperation between the two sides.

The European guests are here at the invitation of POC.

It was learned that the 17-member EPO signed with POC a bilateral cooperation agreement in 1985, and a mixed working committee has also established.

Jiang Zemin Continues European Visit

Arrives in Bonn

*OW1207164795 Beijing XINHUA in English
1632 GMT 12 Jul 95*

[FBIS Transcribed Text] Bonn, July 12 (XINHUA) — Chinese President Jiang Zemin arrived here from Stuttgart today to continue his five-day state visit to Germany.

German President Roman Herzog is scheduled to preside over a welcoming ceremony here Thursday.

In Bonn, Jiang will meet with Herzog, Chancellor Helmut Kohl and other senior officials as well as German business leaders.

A number of economic deals worth several billion U.S. dollars are expected to be signed between the two countries during Jiang's visit.

In Stuttgart, Jiang visited the Mercedes-Benz AG, one of Germany's most well-known auto companies. He also met with entrepreneurs of the Baden-Wuerttemberg state.

From Bonn Jiang will go to the state of Bavaria in southwest Germany, where he is scheduled to visit another two German auto companies, BMW and Volkswagen.

Jiang had visited Finland and Hungary before coming to Germany.

Meets Business Leaders

OWI207124195 Beijing XINHUA in English
1230 GMT 12 Jul 95

[FBIS Transcribed Text] Stuttgart, July 12 (XINHUA) — Chinese President Jiang Zemin said here today that China wants more cooperation with Germany.

In a meeting with German business leaders, Jiang said China wants to see the business circles of Germany increase investment in China, swell financing channels and reduce limits on technology transfer.

"I believe that there is immense potential and broad prospect for Sino-German economic and technological cooperation," he said.

Jiang noted that Germany is China's biggest trading partner in Europe and China is Germany's important cooperation partner in Asia.

Jiang added that Sino-German economic cooperation and trade ties have benefited the economic development of both countries.

Erwin Teufel, president of Baden-Wuerttemberg, briefed Jiang on local economy and cooperation with China.

Among those present at the occasion were business figures from leading companies such as Daimler-Benz, Porsche, ABB and some local banks.

Comments on Relations

OWI207234995 Beijing XINHUA in English
1816 GMT 12 Jul 95

[FBIS Transcribed Text] Ludwigsburg, GERMANY, July 12 (XINHUA) — Chinese President Jiang Zemin said here today that Sino-German ties are coming into a new era of overall development.

Jiang, currently in this country for a state visit, made the remarks at a banquet hosted by Erwin Teufel, president of Baden-Wuerttemberg, in Jiang's honor here at noon.

Jiang said he was looking forward to the talks with German leaders in the days to come and the exchange of views with them on issues of common concern in an effort to push bilateral ties up to a new level.

Teufel said in his welcome speech that there are close contacts between Germany and China and China enjoys a high prestige in Germany.

Not only the big companies in Baden-Wuerttemberg have had investments in China, but the medium- and small-scale enterprises have had cooperation with China, he said.

"Our cooperation has had a good beginning and we hope the seeds we have sowed will bear more fruits," he said.

Jiang, in his return speech, said China and Baden-Wuerttemberg have maintained friendly relations and fruitful cooperation in economic, cultural, scientific and technological areas.

Many large-scale enterprises such as Daimler-Benz have very good cooperative relation with China while smaller enterprises also showed interest in entering the Chinese market, Jiang said.

China, in a long period to come, will spur the development in energy, telecommunications, transportation, machine building and other infrastructure fields, Jiang said, adding Baden-Wuerttemberg has advantage in these sectors.

After the banquet, Jiang left for Bonn.

Political & Social

Yang Shangkun Visits Old Revolutionary Base
SK1307084795 Beijing XINHUA Domestic Service
in Chinese 1952 GMT 12 Jul 95

[By SHANXI RIBAO reporter Jia Zheng (6328 2973) and XINHUA reporter (6781 1405 4767): "During a Visit to People in the Old Revolutionary Base of Tai Hang Shan in Shanxi, Yang Shangkun Pointed Out the Necessity of Inheriting the Revolutionary Traditions and Promoting the Spirit of Hard Work and Arduous Struggle"]

[FBIS Translated Text] Taiyuan, 12 Jul (XINHUA) — During his recent visit to the people in the old revolutionary base of Tai Hang Shan in Shanxi, Comrade Yang Shangkun pointed out: During the war period, the people of the old revolutionary base made tremendous contributions and sacrifices to the revolution. Today while we are commemorating the 50th anniversary of the victory of the world's anti-fascist war and China's anti-Japanese war, reviewing the history and cherishing the memory of martyrs, we should do a better job in inheriting the glorious traditions of the revolutionaries of the older generation, vigorously promote the revolutionary spirit of hard work and arduous struggle, and successfully carry out our various tasks.

From 6 to 11 July, accompanied by the principal leading comrades of the Shanxi Provincial party committee and the provincial government, Comrade Yang Shangkun travelled to Matian Village in Zuoquan County, Beishe Village in Licheng County, the old site of an ordnance factory in Huangya Cave, Wang Jiayu Village in Wuxiang County, and the 8th Route Army Memorial Hall in the old revolutionary base of Tai Hang Shan — the places where he once worked and fought.

During the anti-Japanese war period, this area was once the headquarters of the 8th Route Army and the place where the Beifang Bureau of the CPC Central Committee and the command post of the No. 129 Division were located. From 1938 to 1942, as the secretary of the Beifang Bureau of the CPC Central Committee, Comrade Yang Shangkun lived and fought for a long time there along with many revolutionaries of the older generation. Yang Shangkun pointed out: China's anti-Japanese war was an important component of the world's anti-fascist war. The Communist Party of China and the Chinese people once made outstanding contributions to winning world peace.

Wang Jiayu Village in Wuxiang County was once the headquarters of the 8th Route Army in those years as well as where the Beifang Bureau of the CPC Central Committee was located. At the old site of Beifang

Bureau, Yang Shangkun visited the house where he lived 56 years ago and said: "This was my home in those days." The old fellow Wei Haiqing, who owned the home and is over 80 years old, was a militia captain in those days. Yang Shangkun held his hands and made detailed inquiries, reviewed with him the history of those years, and posed for a photo with him.

After visiting the Tai Hang 8th Route Army Memorial Hall located in the Wuxiang County seat, Yang Shangkun pointed out: The province and all cities and counties should regard this place as the best classroom for conducting education on revolutionary traditions and patriotism among the younger generation, always bearing history in mind and serving as good successors of the revolutionary cause. He also pointed out: It is necessary to do a good job in protecting the old revolutionary sites because they are also a precious part of our heritage. He encouraged the people to inherit and promote the "Tai Hang Spirit" of hard work and arduous struggle and being bold in making sacrifices of the revolutionary war period, and do a better job in building the Tai Hang revolutionary old base. At the courtyards and rooms of the fellow villagers, Yang Shangkun asked about the living and production situation of the people in the old revolutionary base, praised them for making great contributions to the revolution of China, and encouraged them to successfully build the old base as quickly as possible.

During his stopover in Shanxi, Yang Shangkun also learned about the work situation in Shanxi Province. He also visited some key projects of Shanxi Province's infrastructure facilities such as the Taiyuan airport building and the Taiyuan Expressway and Wusu overpass, which are under construction.

Li Peng, Vice Premiers, Others Discuss Floods
OW1307055495 Beijing XINHUA Domestic Service
in Chinese 1118 GMT 12 Jul 95

[By Central People's Radio Network reporter Liu Zhenmin (0491 2182 2404) and XINHUA reporter Jiao Ran (3542 3544)]

[FBIS Translated Text] Beijing, 12 Jul (XINHUA) — Premier Li Peng presided over the 74th Premier's Working Meeting of the State Council on 12 July to hear reports by Water Resources Minister Niu Maosheng and Agriculture Minister Liu Jiang and leading comrades of weather and civil affairs departments on the flood and drought situation, and on the early stages of disaster-fighting and disaster-relief work. He also made arrangements for current anti-flood and drought disaster-fighting and relief work.

Also present at the meeting were leading comrades including vice premiers of the State Council Zhu Rongji, Zou Jiahua, Li Lanqing, and Jiang Chunyun; Wen Jiabao, member of the CPC Central Committee Secretariat; and State Councillors Song Jian, Ismail Amat, Peng Peiyun.

Premier Li Peng said that with the advent of the flood season this year, heavy floods had occurred in the Dongtinghu, Poyanghu, and Taihu areas and severe drought had hit some areas in northern China. Faced with severe floods and waterlogging, all levels of party, government, and army units took urgent action, actively involved themselves in the flood-fighting and relief work; helped the people move out of the disaster areas; ensured the safety of major cities, of major transportation lines, and of protective embankments in Dongtinghu and Poyanghu areas; and helped score an initial victory in flood-prevention and fighting and disaster-relief work. At present, social order in the disaster areas is stable and various flood-fighting and disaster-relief tasks are proceeding in an orderly way. On behalf of the CPC Central Committee and the State Council, Li Peng expressed warm solicitude to the vast number of leading cadres, servicemen, and the people in the disaster areas.

Li Peng said that General Secretary Jiang Zemin is very much concerned about the current flood-fighting and disaster-relief work. He said Jiang Zemin made a special telephone call from abroad to inquire about the flood situation and gave instructions on doing worthwhile flood-fighting and disaster-relief work, on making acceptable living arrangements for people in disaster-hit areas, and on helping people in disaster-hit areas resume production as soon as possible.

Li Peng pointed out the need for the party and government leaders in disaster-hit areas to concentrate their efforts on mobilizing the masses to rebuild their homes and on restoring production through self-reliance. He also stressed that relief funds should be allocated to people in disaster-hit areas as quickly as possible; and that enough food, drinking water, clothes, and shelter should be guaranteed for them. Attention should also be paid to epidemic disease prevention and public security work in these areas, and to ensuring stable social order in the disaster areas, he said. All levels of leading party and government comrades in various party and government departments should rush to organize the masses in disaster-hit areas to remove water from inundated farmland as soon as possible, to carry out self-help production activities, and to resume production and rebuild homes as quickly as possible.

Li Peng said the big flood season had just begun and localities must be prepared for even more severe floods. Areas that were hit by floods earlier must step up the pace of repairs to damaged water works in preparation for future floods. Localities, Huaihe, Huanghe, Haihe, and some northern areas in particular need to do a better weather forecasting job, need to step up the implementation of flood-prevention measures, and need to do particularly well in reinforcing water projects, clearing obstacles from waterways, securing flood-prevention equipment, and improving communications equipment.

Li Peng stressed that disasters are mainly limited to certain areas and that the situation across the nation is good as a whole. China reaped bumper summer grain harvests. The "vegetable basket" product output is enjoying steady growth. Prices on the nation's agricultural product market are stable. Efforts on macroeconomic regulation and control have achieved certain results. The nation's retail price rise index in June dropped to about 16 percent. He pointed out the need to have confidence in and to adopt effective measures to fulfill this year's various production tasks in line with the arrangements of the CPC Central Committee and the State Council. He called on people in disaster-hit areas to try every possible means to keep disaster-related losses to a minimum. He called on people in areas unaffected by disasters to strive to increase output and revenue. The people in the nation are urged to exert themselves in agricultural production over the next six months and to strive to reap good harvests for the entire year.

Li Urges Self-Reliance in Rebuilding

OWI207144895 Beijing XINHUA in English
1326 GMT 12 Jul 95

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — Chinese Premier Li Peng here today called upon the officials in flood and drought-hit areas to organize the local people to rebuild their hometowns through self-reliance.

Li was presiding over the 74th Premier's Working Meeting, at which he heard natural disaster reports by Water Resources Minister Niu Maosheng and Agriculture Minister Liu Jiang.

With the advent of the flood season this year, heavy floods occurred in the middle and lower reaches of the Chang Jiang River and severe drought has hit some areas in northern China.

Li Peng stressed that relief funds should be allocated to the people in the disaster areas as soon as possible, and enough food, drinking water, clothes and shelter should be guaranteed for them.

Attention should also be paid to epidemic prevention and public security work in these areas, he said.

As the flood season has just begun, Li asked the local governments to be prepared for even more severe disasters.

But, although some areas have been stricken by floods or drought, the overall situation is good, he added.

Physicist 'Tricked' Into Signing Democracy Letter

*HK1307061495 Hong Kong LIEN HO PAO
in Chinese 11 Jul 95 p 1*

[Report from Hong Kong by staff reporter: "Wang Ganchang Says He Was Tricked Into Co-Signing the Open Letter on 'Redressing the 4 June Incident'"]

[FBIS Translated Text] Famous mainland physicist Wang Ganchang said that he joined 45 other intellectuals in signing a open letter when he "did not clearly understand the contents of the letter," adding that "he was actually fooled" in the signature incident.

In his letter to this newspaper's editor-in-chief, well-known physicist Yang Chenning enclosed Wang Ganchang's letter to him dated 27 June, saying Wang had agreed to publish his letter. Yang gave his letter to this newspaper so it would be published.

In his letter Professor Yang said: "Physicists have heard many reports about Mr. Wang Ganchang taking the lead in writing to Chinese leaders in mid-May. Someone from the U.S. Physics Society even said in a letter to me that Mr. Wang was forced to criticize himself recently."

Yang said he holds Wang in high esteem for his professional work and his demeanor. He sent an English letter to Wang in mid-June and Wang has replied to him. In Yang's view, all people who are concerned with Wang would hope to read his letter.

Wang, 88, is a famous mainland physicist. He has made outstanding contributions to the mainland's manufacture of nuclear weapons and use of atomic energy. Wang was vice minister of the mainland nuclear industry and president of the Atomic Energy Research Institute, and now he is honorary president of the research institute.

On 15 May this year, 45 well-known scientists, scholars, and writers, including Wang Ganchang, Lou Shiyi, Yang Xianyi, and Wu Zuguang, co-signed an open letter to Chinese leaders, calling for magnanimity toward people with various political and religious views, reappraisal of the "4 June" incident, and setting free all those detained for ideological reasons — including ideas, opinions on public affairs, and beliefs — at a time when the world was observing the "UN magnanimity year."

Owing to Wang and other signatories' political status, the open letter evoked great repercussions. And there was once a report that Wang was subjected to pressure and a long interrogation or talk.

But Wang recently wrote to Yang, expressing "anger" over the signature incident and criticizing himself for being insensitive on political issues. Following is the full text of Wang's letter to Yang.

Mr. Chen Ning:

How are you? Thank you for your concern and for sending me letters from some members of the U.S. Physics Society. The letters gave me a shock and made me angry! (I also received your replies, which are wonderful, to reporters.)

I have worked all my life to promote our country's science and technology. Though I am old now, yet my will has never changed. I only wish for social stability, a prosperous and strong country, a happy life for the people, and scientific and technological progress.

As far as the signature incident was concerned, I was actually fooled. I had a student called Xu Liangying (when I taught at Zhejiang University). He is rather talented and managed to translate into Chinese four (complete?) "works of Albert Einstein" during the turbulent Cultural Revolution. He gave me a favorable impression. One day in mid-May this year he came to my place. He described the present situation as undesirable and hoped I would help appeal for official magnanimity. Out of my wishes to help others with good intentions and to display goodness and love, I signed the letter of petition before clearly understanding the contents. But who would have thought that he would give the letter to overseas media and thus bring about a result detrimental to myself and our country, which I did not expect. My superior, who clearly knows how I have behaved, did not criticize me severely and go deeply into the matter. I also little expected that some foreign forces hostile to China would take advantage of the letter to make a big clamor and list my name along with Fang Lizhi and his like. This made me angry and also warned me about the seriousness of the incident.

I bitterly hate myself for being insensitive on political matters, which resulted in the incident. This also served as a grave lesson for me, cautioning me to "keep on learning as long as I live," as the proverb goes.

Above is a detailed account of the incident. Thank you very much for your inquiry.

Wishing you a happy life in the summer.

When answering this newspaper's phone call at his Beijing residence last night, Wang said he did not

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scrutinize the letter before he signed because he was "too lazy to do so." He also stressed that he signed his name after five or six other persons. Xu had hoped that he would put his signature before others, but he did not agree. He did not expect some media would put his name at the top.

Wang insisted that he had not been persecuted and pressured, adding that the report that he has been interrogated for a long time was a "false one." He acknowledged that his superiors, mainly the leadership of the China National Nuclear Corporation to which he belongs, had had a talk with him. But they had the greatest esteem for him, he added. He also said that he as a physicist had little interest in political matters and that he "has had no heart for politics since the incident."

Wang said he is still in good shape though already 88. When he is free, he only reads at home and seldom goes out, he added.

Anti-Drug Trafficking Efforts Intensified

*OW1207142095 Beijing XINHUA Domestic Service
in Chinese 2103 GMT 24 Jun 95*

[By correspondent Yang Liuying (2799 2692 5391) and reporter Tang Hong (0781 5725)]

[FBIS Translated Text] Beijing, 25 Jun (XINHUA) — In light of the increasingly complicated drug trafficking situation, the General Administration of Customs recently said it will expand its role and functions, and adopt comprehensive measures to crack down on international drug trafficking activities.

It was learned that with the support of relevant departments, customs offices have achieved gratifying results in cracking down on drug trafficking. From 1994 to the present, customs offices nationwide have uncovered 57 drug trafficking cases, confiscating 210 kg of heroin, 49.4 kg of opium, and 7.9 metric tons of drug-making ingredients. Out of all these customs offices, the Kunming Customs Bureau has achieved particular success. It discovered three-quarters of the total confiscated drugs. In April last year, the Nanshan Customs Office under the Kunming Customs Bureau, with help from the local public security department, discovered 83 kg of heroin — the largest drug trafficking case since the founding of the republic — thus eradicating a long-existing drug trafficking ring.

But drug traffickers have become more active in their illegal activities. They are also becoming even more tricky. To further carry out the work of cracking down on drug trafficking, the General Administration of Customs has said that all customs offices should focus on the following three tasks in the future. First, in light

of the local situation, each customs office should make plans for cracking down on drugs in a bid to discover more major cases. Second, more efforts should be made to conduct investigations into the origins of drugs as well as drug markets. We should bring into full play the role of drug-sniffing dogs so as to deal an effective blow to criminal drug trafficking activities. Third, we should comprehensively implement "memorandums on cooperation in cracking down on smuggling."

The General Administration of Customs has already signed such a "memorandum" with the Ministry of Chemical Industry. It is ready to sign a "memorandum" with the Civil Aviation Central Administration of China and other departments in the second half of this year. By carrying out this "memorandum" system, the customs offices can establish links and consultation mechanisms with relevant departments for the exchange of information. By so doing, customs offices can enhance efforts to crack down on illegal drug trafficking.

Historical Maps of 'Anti-Japanese War' Published

*OW1207150195 Beijing XINHUA in English
0840 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — A collection of maps on the history of China's eight-year Anti-Japanese War has been published, the publisher, the China Map Publishing House said here today.

The map collection, the result of seven years of drafting and compilation, can be used as a reference book for academic studies, the publisher noted.

Chapter headings highlight the rise of the Japanese invasion, the "July 7th Incident" at the Lugou (Marco Polo) Bridge near Beijing, the war at stalemate, the breakout of the Pacific War, the turning point in the Chinese war situation, and the final victory.

The book has 200 maps of administrative regions, war zones, and specific subjects, and 100 maps dealing with the movement of troops, including their command structure, military actions, and military strength, as well as 350 photos.

A text of 30,000 Chinese characters describes major events from this period of history.

The maps are the product of the China Society of the Anti-Japanese War History and the Museum of the Anti-Japanese War of the Chinese People, with numerous well-known historians and professors participating.

Five-Year Plan for Higher Education Outlined

*95P30121A Beijing ZHONGGUO XINWEN SHE
in English 10 Jul*

[Received via Internet WWW. Home page]

[FBIS Transcribed Text] Beijing, July 10 (CNS)—The direction of higher education development in China for the next five years has been laid down, said Zhu Kaixuan, director of the State Education Commission today at a party working meeting, attended by Vice-Premier-cum-Politburo Member Li Lanqing; Party officials from the provinces, municipalities, and autonomous regions; propaganda and education officials; as well as officials from 108 institutions of higher education. The main points discussed are summarised as follows:

- education shall aim at both quality and cost-effectiveness;
- to further explore the role of tertiary education institutions in the realm of research in the fields of science, technology, philosophy, and social science research;
- to set up 100 institutions of higher education with emphasis being placed on selected disciplines to cope with the demands of the 21st century;
- to intensify reforms of the higher education sector through macro control by the government, a high degree of latitude and flexibility to be enjoyed by the institutions insofar as college administration is concerned, and also the move from small institutions towards larger institutions offering a wider range of academic disciplines;
- the reform of the tuition fee-charging scheme so that all undergraduates will have to pay for their own tuition fees and the placement service scheme allowing graduates to choose their desired professions.

On a separate issue, Zhu also pointed out that as about 60 percent of the existing officials in charge of the higher education sector will be retiring within the next five years, it will be necessary to train a team of capable, young cadres as successors. He went on to say that the majority of the existing higher education officials are performing well but the problem is that the academic standard, analysing power, and administrative skills of some officials are not in line with the fast-moving, ongoing development trends and voices for reforms. Thus the need for a complete overhaul to bring in young, capable cadres is more urgent than ever. At present, there are 1,080 higher education institutions, with an enrollment of 2.8 million undergraduates and 130,000 post-graduates in China. Since 1978, a total of 18,000 doctoral and 280,000 master degrees have been conferred, thus consolidating the position of the tertiary

education institutions as the most important training ground for research in science, hi-tech and applied science programmes.

***College Students' Mental Health Status Reviewed**

*95CM0304A Beijing ZHONGGUO GAODENG JIAOYU [HIGHER EDUCATION IN CHINA]
in Chinese 13 Mar 95 No 156, pp 36-38*

[Article by staff reporter Zhang Ying (1728 7751): "College Students' Mental Health Cannot Be Ignored"]

[FBIS Translated Excerpt] [passage omitted]

I. College Students' Mental Health Situation Cannot Be Ignored

[passage omitted]

The documents explain that at the beginning of 1989, a random national survey of the mental condition of 126,000 college students showed that among those tested, 20.23 percent had psychological problems; a 1993 investigation by the Heilongjiang College Students Work Department indicated that nearly 20 percent of today's college students are psychologically disturbed to some degree; and Beijing discovered in an investigation of 16 college dropouts that mental problems were listed as the number one cause among many which led to dismissal from college, with a rate of 37.9 percent. Students who dropped out of school because of mental problems constituted 64.4 percent of all dropouts. These investigations demonstrate that the overall situation of college students psychological healing cannot be ignored. We must rigorously study and resolve the problem of college students suffering psychological blocks. In precisely this situation, the psychological counseling of college students — this special life education supervisory method — is becoming increasingly accepted and used by college educators.

II. Psychological Counseling Is a Useful Way of Improving College Students Mental Health

[passage omitted]

In recent years, some colleges have gradually introduced psychological counseling for college students. Statistics show that each college psychological counseling organization counseled from one to five percent of their total student body, and students who benefited from other services such as speech and elective courses occupied from 18 to 30 percent of the total student body. The statistics further show that among students who sought counseling, 30 percent of the patients suffered psychological ailments that were mainly neuroses, while as many as 60 percent had psychological blocks brought

on by such causes as setbacks, failed love affairs, unpleasant personal relationships, anxiety over examinations, sexual confusion, physical disabilities, etc. In the last 10 years, each college, through psychological counseling, relieved a group of students of psychological confusion and the psychological block caused by it. In addition, they have discovered some patients in early stages of psychosis or neurosis, and, through effective early treatment, have saved some students with obvious tendencies to attempt suicide or other aberrant behaviors, and helped restore them to a normal and healthy mental state. Therefore, psychological counseling is increasingly being welcomed by college students.

III. Several Characteristics of Psychological Counseling Development in China's Colleges

First, the focus is on individual counseling, whereas other counseling plans focus on guidance methods, such as assistance. Psychological counseling is a special treatment; it focuses on resolving the caller's personality problems; and adhering to individual counseling stems from a concern for protecting and caring for the caller. Meanwhile, psychological counseling is also social work, with its object the masses of young students who need to develop healthy minds. Therefore, many schools have vigorously organized multiple forms of group counseling and training activities. For example, they organize students with common or similar psychological blocks to have outside activities, and provide group counseling as part of the activities. Other examples are organizing relaxing music training for all students and teachers, creating collective psychological counseling courses aimed at handling student examinations, job searching, social life, neuroses, etc. There have been good results with all of these.

Second, there are combinations of points and areas which popularize psychological education and psychological health knowledge. Starting in 1987, Zhejiang University and Qinghua University set up such elective courses as "Mental Health of Youth," "Mental Health of College Students," "College Student Sociology," "Psychological Development and Supervision," "Sexology," etc. Southwest Normal University has stood out in its practical approach to college students mental health with such timely lectures as "Characteristics of College Student Personal Relationships and Suggestions for Improving Personal Relationships," "College Student Self-Awareness and Success," "College Students Motivations for Study and Goals," "College Students Friendships and Love," "Young Peoples Sexual Psychological Health," etc. All have been welcomed by the students.

Third, there is a constant focus on prevention and the investigation of college students mental health and ill-

ness. While popularizing psychological health knowledge, some schools have also conducted comprehensive mental health examinations, and established student psychological health files for purposes of prevention. Since 1991, Southwest Normal University has conducted comprehensive mental health examinations of all new students and built up student psychological health files which use computerized management. The school's mental health counseling center gave supervisory counseling to those with lower psychological health scores or with higher personality block scores; and it reported to their affiliated departments and classes each student's overall psychological health information, plus information on some individual students who have suicidal tendencies or some sort of mental disturbance. This is followed up by some appropriate action which eases the negative effects as much as possible.

Fourth, attention is given to training mental health professionals. Psychological counseling is highly professionalized work; its workers must have a profound professional theoretical foundation, rich knowledge, life experience, and skilled techniques. At present, people engaged in college psychological counseling work chiefly are made up of teachers, researchers, student work cadres pursuing education and research in psychology, and school hospital mental department doctors. These people mutually compensate one another in professional techniques, scientific knowledge, educational and psychological theory, laying a good foundation for college student psychological counseling. In building its college student psychological counseling team, each school commonly feels the lack of professionally trained counselors; whereas the people currently involved have varying levels of professional ability, they also urgently need training and improvement. Aiming at this situation, many schools with mature conditions are fully exploiting their own advantages, and are enthusiastically conducting the professional training of psychological counselors in a variety of forms and at a variety of levels. For instance, in 1986, Southwest Normal University Professor Huang Xiting [7806 1585 1656] held a "College Student Psychology" training class in Hangzhou which was attended by ideological and political educators from more than 160 colleges. The same university's psychology institute began in May 1986 to enroll students in correspondence courses in "Psychological Counseling and Treatment Studies" leading to a Master's Degree in "Higher Education Psychological Counseling and Treatment Training." In May 1994, the Ministry of Education Institute of Ideological Thought held college psychological counseling teacher training classes in Jiangxi, offering training to more than 70 psychological counselors from 51 colleges throughout China. The training dealt

particularly with the theory and method of psychological counseling.

Fifth, there is stronger scientific research on psychological counseling. At present, China employs foreign theories and techniques in college psychological counseling. But in practice, college psychological counseling workers all feel that it is an absolute must to establish psychological counseling theory and technique with Chinese characteristics; and also to establish research and experimentation in multiple areas. In 1983, Professor Huang Xitung of Southwest Normal University Psychology Institute assumed responsibility for a "Sixth Five-Year Plan" scientific research project, under the Chinese Academy of Social Sciences, entitled "A Study of College Students Psychology." Since that time, the book which this project produced, *Psychology of the College Student*, is a pioneering publication in the specialized study of college student psychology. Now, led by Southwest Normal University and Zhejiang University, there are eight colleges carrying out a national social science "Eighth Five-Year Plan" research project entitled "A Study of the Psychological Characteristics and Educational Countermeasures of Today's College Student." Such books as *Psychological Counseling, Treatment and Testing*, and *Casebook in College Student Psychological Counseling*, written by psychological counseling experts, Fan Fumin [2868 1381 3787] and Zhang Xiaoqiao [1728 1420 0829] from Qinghua University and China People's University, review the practical mental state of China's college students, analyze and understand Chinese college students current mental state, and resolve college students psychological problems. These have been welcomed and well reviewed by college psychological counseling workers and young readers. [passage omitted]

*Dissident Views Impact of Chen Yun's Death

95CM0329A Hong Kong KAIFANG [OPEN MAGAZINE] in Chinese 1 May 95 No 26, pp 24-25

[Article by Liu Binyan (0491 6333 7159): "The CPC Heads Toward an Internal Breakup — The Mainland Situation Since the Passing of Chen Yun"]

[FBIS Translated Text] Chen Yun's passing will damage the ultra-left, Deng Liqun faction, as well as pushing the CPC toward an internal breakup, with a new political faction now brewing within the organizational seeds of which have been germinating now for a decade.

Chen Yun has finally passed away, as well as doing so ahead of Deng Xiaoping. While the passing away of such an elder a decade ago would certainly have left the Chinese elatedly dancing to the funeral dirge broadcast

over the radio, all Chinese have quite down played his passing on 10 April 1995, with people from Hong Kong and overseas Chinese being no exception. That difference shows the huge change in China's realities since 1985.

While Beijing University students were still carrying banners reading "Greetings to Deng Xiaoping" during their 1984 parade in celebration of the 35th anniversary of the PRC, that actually was precisely the time when Deng Xiaoping's prestige was starting to wane. The final failure of the long hoped for CPC consolidation and the inability to end corruption in 1984, and the sharp retreat on reform pressured by the Chen Yun-headed conservative faction in 1985, in addition to sharply rising prices throughout China, had dropped the political morale of the Chinese people from its peak from 1979 to 1981 to a lowpoint. Among those dissatisfied with the status quo, pessimistic about the future, and hoping that Deng Xiaoping would pass away soon, the talk that Chen Yun had best pass away before Deng Xiaoping had begun to spread by that time.

Three Effects of Chen Yun's Passing

As the passing of Deng Xiaoping and Chen Yun was repeatedly deferred, their passing was going to have an ever lessening impact on Chinese politics. But the analysis of those familiar with the situation in Zhongnanhai is that Chen Yun's passing was still not insignificant and will have the following immediate effects:

1. Ever since 1989, Jiang Zemin had always preferred to stay closer to Chen Yun than to Deng Xiaoping. In addition to Jiang's own original political leanings, as Jiang knew that Chen Yun had played a decisive role in Zhao Ziyang's fall from power, Jiang knew that Chen Yun's passing would be unfavorable to his [Jiang's] efforts to consolidate his position and remain in power. And Chen Yun's passing will also do no less damage to Li Peng than to Jiang.
2. If Chen Yun had died after Deng, that would have been very unfavorable to the only remaining progressive elders, Wan Li and Yang Shangkun. As Chen Yun had been one step higher in power than Wan and Yang due to his seniority and party standing, Chen Yun's death before Deng Xiaoping will enable those such as Wan Li to influence Chinese politics without interference after Deng.
3. The direct and immediate damage from Chen Yun's passing will be felt by the Deng Liqun-headed ultra-leftists, as Chen Yun had always been the major backer of Deng Liqun's factional influence. In recent months, due to Jiang Zemin having somewhat distanced himself

from them, while the ultra-leftists were already somewhat demoralized, Chen Yun's passing will certainly not weaken their advantages over the liberals in the party. For instance, they still have a certain influence over the Chinese people suffering from corruption and wider gap between rich and poor created by Deng Xiaoping-style reform.

In short, the danger facing China at present is no longer the problem of Chen Yun assiduously seeking regression to the 1960's, with the inner-party struggle also no longer that age's tussle between the respectively Deng- and Chen-headed "reform" and "conservative" factions.

Deng Xiaoping's Reforms Have Reached Their Limit

Deng Xiaoping-type reform has reached its limit. The current difference of opinion is over whether to make certain breakthroughs in reforming the political system, by redressing the abuses of Deng Xiaoping-type reform, to push ahead with the transformation of Chinese society with national participation, or to maintain the no longer preservable status quo, by letting the economic, political, and spiritual crises continue to grow, which would cause a large-scale disintegration of Chinese society and spoil all previous reform achievements.

On that issue, rifts within the CPC have begun to surface. At the March National People's Congress [NPC] session, Jiang Zemin's group continued to use the Mao Zedong-era method of not permitting statements at the congress but only allowing small group meetings, as well as the weighted elections learned from Stalin. But while this deprived the delegates of their constitutionally endowed right to choose key government officials, it resulted in a tremendous waste of effort, as the elections for vice premiers still set a new record for the lowest number of votes received by the candidates.

Guangdong and Sichuan became allies twice in opposition to the center, at the 1994 fourth plenary session and at the March 1995 NPC session, opposing Jiang Zemin's elevation of Wu Bangguo and Jiang Chunyun to the Politburo and Secretariat. Subsequently, when Wu Bangguo and Jiang Chunyun went on inspection tours of Heilongjiang and Beijing Municipality in their capacities as Politburo and Secretariat members, they were intentionally given the cold shoulder and humiliated by the respective local party committees. That was unprecedented in PRC history.

But the conflict is certainly not between the center and localities alone. Just a few days after former Shandong CPC Committee Secretary Jiang Chunyun took up his post in Beijing, a fire broke out in

his backyard in Shandong, in the investigation of which the Shandong party committee ferreted out a 59-member bureaucratic economic crime organization in Tai'an, with the Tai'an Municipal Party Committee secretary being Jiang Chunyun's trusted follower and former secretary. Before long, Jiang Chunyun's trusted followers in Jinan also became targets of investigation. As Jiang Chunyun is now part of Jiang Zemin's crowd, while the current Shandong Party Committee secretary is backed by someone in Beijing, it has been said that this struggle in Shandong is the start of one at the highest CPC levels.

The New Faction Now Brewing Within the CPC

This struggle involves complex substance, absolutely not being one of power and faction alone. All inner-party forces are now reorganizing, with a great many who were decent and good people, but had some reservations about reform due to the impact of old ideas, having changed their political stance since 1989, but also a great many who at the time had endorsed reform and democratization, but have subsequently come to vigorously support the status quo due to having usurped state power to get wealthy. Of the thousand delegates to this NPC session who voted against Jiang Chunyun or abstained, it seems that most certainly had no factional backing, but rather acted out of intense disgust at Jiang Chunyun's misdeeds, such as political opportunism, pursuit of the ultra-left faction, and large-scale economic exaggeration, as well as that Shandong has subsequently become a "special zone" for smuggling (of South Korean cars) and corruption.

The healthy elements within the party have lost patience after a decade of watching and waiting. At this time when the nation's prosperity, the people's welfare, and the CPC's existence are hanging by a very thread, all CPC members who still have a conscience must make a categorical choice. Signs are showing that a new political faction is brewing within the CPC. But this is certainly not any sudden phenomenon, rather a trend that had begun to germinate at the time of the 1985 failure of party consolidation and regression of reform. Starting from the time that the first group decided to organize that faction, it has been in the works for a decade now, certainly not a short period of time.

***Official Stand on Sovereign Immunities**

95CM0304B Shanghai FAXUE [JURISPRUDENCE] in Chinese 10 Mar 95 No 160, pp 38-39

[Article by Guo Tingxi (6753 1694 2569) of the Shanghai University School of Law: "China's Stand on Sovereign Immunities"]

[FBIS Translated Excerpt] [passage omitted]

To date, China has made no specific or detailed legal stipulations regarding sovereign immunity. China's standpoint is reflected in government proclamations, diplomacy and law enforcement, legal experts publications, bilateral or multilateral international regulations that have been signed by China, and relevant domestic legal stipulations. China's standpoint can be summarized as follows:

1. China adheres to the traditional sovereign immunity principle. China believes that sovereign immunity established according to the principle that all nations have equal sovereign rights acknowledged in the "UN Charter" is an important principle in international law.
2. China believes that all behavior of any sovereign nation has sovereign immunity, unless this nation announces clearly that it relinquishes its sovereign immunity and voluntarily accepts administration by the courts of a foreign nation. Even so, the court of the foreign nation can apply its sovereign immunity rights only within the specific scope clearly relinquished by the sovereign nation.
3. China agrees and supports the attainment of international regulations to reduce and ease conflicts with every nation.
4. China's state-owned enterprises and corporations are independent economic entities with legal person rights instead of sovereign immunity.
5. If any foreign nation should restrict or violate China's sovereign immunity rights in spite of international regulations regarding sovereign immunity, China has the right to take corresponding measures. [passage omitted]

***Major Event in Human Rights Theory Reported**

95CM0284B Beijing BEIJING QINGNIAN BAO [BEIJING YOUTH DAILY] in Chinese 6 Apr 95 p 4

[Article by Huang Nansen (7806 2809 2773): "Major Breakthrough in Humanism, Human Rights Theory"]

[FBIS Translated Text] The publication of the *Human Rights Research Materials Series* is a major event in human rights construction in China. In just a few short years, Chinese scholars wrote seven volumes consist-

ing of almost 10 million characters: *An Overview of the Universal Human Rights Declaration, Sequel to the Overview*, and the *Human Rights Research Materials Series*. This feat is unparalleled in the world. Not only do these works greatly facilitate human rights research and human rights development in China, but they also demonstrate the commitment of the Chinese government, the party, the theoretical community, and the publishing industry to human rights development. Even as it attacked China, the 1994 human rights report issued by the United States acknowledged, hypocritically, some facts testifying to the high priority attached to human rights by China. But it failed to mention the publication of these materials. So the seminar today is held for a good reason. As one of the chief editors of *The Western Theory of Human Rights*, I propose to take this opportunity to discuss a number of ideas in that work.

In China, human rights did not become a hot topic in theoretical research until the last few years. Humanism research, on the other hand, gained popularity back in the early 1980s. Respect for human rights is actually a principle of humanism; the two cannot be separated. A major theoretical breakthrough and achievement in the human rights discourse in China is differentiating between the two meanings of humanism. As a concept of history, humanism is a form of historical idealism and as such should be discarded. As a principle of handling inter-personal relations, humanism is rational and should therefore be adopted. Marx denounced and jettisoned the humanistic concept of history but affirmed and embraced the principle of humanism. By failing to distinguish between the two, we may end up affirming the humanistic concept of history as well as the principle of humanism. Or we may throw out the principle of humanism along with the humanistic concept of history. Both outcomes are one-sided. As far as human rights are concerned, we are all for respecting human rights; that is, we respect human rights as a principle of humanism. But we do not in the least consider human rights a decisive driving force in the development of human society. To believe that is to drift into historical idealism. It is both practically and theoretically important to make this distinction. It is a theoretical breakthrough that puts China in the forefront of theoretical research on humanism. Its significance should be fully appreciated.

Nevertheless, to my knowledge, there is still no consensus thus far on this distinction within China's theoretical community. Some people argue that this distinction is unfounded. The point I would like to make today is this: The distinction is solidly grounded in the teaching of the thinkers of the Enlightenment of the West as cited in *The Western Theory of Human Rights*. To thinkers of the

Enlightenment, man was born free, equal, and endowed with natural rights. They were opposed to any violation of human rights, particularly a tyrant's violent infringements of human rights. These ideas, we may say, are an expression of the principle of humanism. By themselves, they certainly do not amount to a concept of history. But when the thinkers started explaining the development of human society in terms of the loss and restoration of human rights, changes in human nature and humanism, and the obliteration and revival of the humanistic principle, their humanism became a concept of history. Rousseau, for instance, certainly did not just talk about the humanistic principle of handling inter-personal relations in his *Social Contract* and *Discourse on the Origin and Foundation of Inequality among Mankind*, but looked upon it as a concept of history. He argued that in the beginning mankind lived in a state of nature where inequality was virtually non-existent. But then "men reached a point at which the obstacles that endangered their preservation in the state of nature overcame their resistance to the forces which each individual can exert to maintain himself in that state. Then this primitive condition can no longer exist." "Now, as men cannot create any new forces, but can only combine and direct those that exist, they have no other means of self-preservation than to form a sum of forces which may overcome the resistance, to put them in action by a single motive power, and to make them work in concert." In losing his natural liberty, man gained conventional liberty, namely, the state formed by the social contract. "Such was, or must have been, the origin of society and of law, which gave new restraints to the weak and new power to the rich; irretrievably destroyed natural liberty and fixed for ever the laws of property and inequality; changed an artful usurpation into an irrevocable right; and, for the benefit of a few ambitious individuals, subjected the rest of mankind to perpetual labor, servitude, and misery." Rousseau described in detail the progress of inequality. "The establishment of laws and of the right to property was the start of it; the institution of magistrates the second; and the third was the changing of legal into arbitrary power. Thus, the different status of the rich and poor was authorized by the first step; those of the powerful and weak by the second; and those of master and slave by the third, which formed the last step of inequality, in which all the rest end, until new revolutions dissolve the government, or bring it back to its legal constitution." "The times...preceding this last alteration would be times of calamity and trouble; but, at last, everything would be swallowed up by the monster; and the people would no longer have chiefs or laws, but only tyrants." "As soon as they can expel him, they may do it without his having the right to complain of their violence. The insurrection, which ends in the death or depo-

sition of a sultan, is as juridical an act as any by which the day before he disposed of the lives and fortunes of his subjects. Force alone upheld him, force alone overthrows him." The actions of a tyrant "go against nature." To overthrow him is "in the natural order." Revolution is rational and legitimate. The outcome of a revolution is the establishment of a democratic republic. Rousseau said he "inferred these ideas from human nature." (Cited from *The Western Theory of Human Rights*.) In effect, what Rousseau did was to portray the development of human society as the alienation and restoration of human nature, of human rights. If it is not a concept of history, an idealist concept of history, to explain the evolution of human nature in terms of changes in human nature and human rights, then what is it? Rousseau was a great humanist and a great bourgeois Enlightenment thinker. His thought is part of the finest that world civilizations have to offer. His contribution to history, however, cannot mask the idealist nature of his concept of history. To inherit his philosophical legacy does not mean affirming all his ideas, lock, stock, and barrel. They need to be analyzed. As far as humanism is concerned, we must differentiate between his humanistic concept of history and his principle of humanism. A similarly analytical attitude should be taken toward the humanism and human rights theory of the entire Enlightenment era and to every humanistic and human rights theory in existence today.

Military & Public Security

Regulations for PLA's Political Work

*HK1307020295 Beijing JIEFANGJUN BAO
in Chinese 31 May 95 pp 1, 3*

[*"Rules and Regulations for Political Work of the People's Liberation Army (Excerpts)"*]

[FBIS Translated Text] Editor's Note: With the approval of the CPC Central Committee and the Central Military Commission, the newly-revised "Rules and Regulations for Political Work of the People's Liberation Army" have been formally promulgated. In order to facilitate their study and implementation by company units, we hereby publish the general provisions and excerpts of those chapters which have a close bearing on work at the grass-roots levels. [end editor's note]

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Chapter One: General Provisions

Article 1. The present rules and regulations have been formulated in accordance with the "Constitution of the CPC" and the "Constitution of the People's Republic of China" with a view to strengthening the political work of the Chinese People's Liberation Army (PLA).

Article 2. The PLA is an army of the people founded and led by the CPC and armed with Marxism-Leninism-Mao Zedong Thought. It is the staunch pillar of the people's democratic dictatorship. Closely aligning itself with the people and wholeheartedly serving the people are the sole aim of this army. The PLA must always maintain its nature as the people's army, and must be loyal to the party, the people, the country, and socialism.

Article 3. The PLA shoulders the task of consolidating national defense, resisting aggression, defending the motherland, protecting people's peaceful labor, and taking part in national construction during the period of socialist modernization. Under the guidance of building socialism with Chinese characteristics, the PLA must uphold the party's basic line; implement Deng Xiaoping's army-building concepts for the new period as well as the strategic principles laid down by the Central Military Commission for the new period; be politically up to the mark; have perfect mastery of military skills; maintain a fine workstyle and strict discipline; provide effective safeguards; and strive to build a strong, modernized, and regular revolutionary army, build socialism with Chinese characteristics, reunify the motherland, and defend world peace.

Article 4. The PLA must place itself under the absolute leadership of the CPC. Its supreme leadership and command are vested with the CPC Central Committee and Central Military Commission.

Article 5. The political work of the Chinese People's Liberation Army is the ideological and organizational work of the CPC in the armed forces. It is the fundamental guarantee for ensuring the party's absolute leadership over the army and for consolidating and enhancing the fighting capacity of the armed forces. It is also the lifeblood of the PLA.

Article 6. The political work of the PLA has Marxism-Leninism-Mao Zedong as its guide. The theory of building socialism with Chinese characteristics is Marxism in contemporary China, the guiding principle for the continuous advance of the socialist cause, as well as the fundamental guide for political work in the armed forces in the new period.

Article 7. The basic tasks of the political work of the PLA during the new period are: to serve the country in reform, opening up to the outside world and socialist modernization; to serve the building of a revolutionary, modern and regular army; and to guarantee, politically, ideologically and organizationally, the party's absolute leadership over the army, the nature of the PLA as the people's army, the development of ideological and cultural progress in the army with the fostering of better-educated and self-disciplined soldiers who have

high ideals and moral integrity as their objective, unity within the army as well as unity between the army and the government and between soldiers and the people, enhancement of the fighting capacity of the armed forces, and the fulfillment of various tasks.

Article 8. The CPC establishes party committees in units of the PLA at or above the regiment level and in units analogous to army units at or above the regiment level (hereinafter referred to as units at or above the regiment level), establishes primary party committees in battalions and units analogous to the battalion level, and establishes party branches in companies and units analogous to the company level. Party committees (branches) at various levels are the cores of unified leadership and solidarity of their respective units. The system of division of labor with the senior officer assuming personal responsibility under the unified and collective leadership of the party committee (branch) is the fundamental system for the party's leadership over the army.

The People's Armed Forces departments of provincial military districts (garrison commands), military sub-districts (garrison commands), and counties (cities, districts) practice a system of dual leadership by the military setup and the local party committee. They adhere to the linear leadership and the relationship of administrative subordination of the military setup while accepting the leadership of the local party committee of the corresponding level. Theirs are military work departments of local party committees at the corresponding levels.

Article 9. The PLA shall have a General Political Department. Units at or above the regiment level shall have political commissars and political organs; battalions shall have political directors; and companies shall have political instructors.

Article 10. The PLA must inherit and carry forward the fine traditions of its political work during the new period. The fine traditions of political work mainly refer to the following: Adherence to the principle of the party's absolute leadership over the army; adherence to the aims of the people's army; insistence on using Marxism-Leninism-Mao Zedong Thought and the party's line, principles, and policies to educate the armed forces; insistence on integrating theory with practice, maintaining close ties with the masses, and unfolding criticism and self-criticism; adherence to the principle of relying on unity between officers and men and between soldiers and the people to disintegrate the enemy forces; the practice of a system of political democracy, economic democracy, and military democracy; implementation of the three main rules of discipline and the eight points for attention; the promotion of patriotism, col-

lectivism, and revolutionary heroism; the selection and employment of cadres on the basis of the principle of appointing people according to their political integrity and ability; strengthening the building of party organizations and bringing into play the role of party committees as the core of leadership, the role of party branches as fighting bastions, and the exemplary vanguard role of communists; and bringing into play the exemplary role of political cadres as people who are strict with themselves and who practice what they preach.

In conducting political work, it is necessary to add new contents and create new methods on the basis of inheriting the fine traditions and in tandem with development of the modernization of the country and the armed forces and with the new situation of reform and opening up the country to the outside world in order to constantly improve and strengthen the work.

Article 11. The basic workstyle and method of the political work of the PLA is seeking truth from facts and the mass line. It is necessary to persist in emancipating the mind, seeking truth from facts, going deep into the realities of life to conduct investigation and study, integrating the instructions of the higher levels with the actual conditions in the armed forces unit, and combining general calls with specific guidance, grasping their implementation, and opposing subjectivism, bureaucratism, and formalism. It is also necessary to uphold the mass line of "from the masses, to the masses," combine the efforts of backbone leading cadres with those of the masses, and mobilize and organize activists among cadres, party members, youth league members and the masses to engage in political work.

Article 12. As leading organs for political work, political organs of the PLA are responsible for managing the party's work in the armed forces and for organizing political work.

Chapter Four: Organizations of the CPC in the Armed Forces

Section Four: Primary Party Committees

Article 41. Primary party committees established by the CPC in battalions and units analogous to the battalion level in the PLA are cores of unified leadership and solidarity in their respective units.

Article 42. The number of members of primary party committees is determined by the next highest party committee. A primary party committee has a secretary and a deputy secretary.

Primary party committees are elected by general membership meetings of battalions or units analogous to the battalion level in multi-candidate elections. The number

of candidates must exceed the number of seats by at least 20 percent, and a candidate is deemed successful if he wins more than 50 percent of the votes of eligible voters present. Secretary and deputy secretaries are elected by primary party committees in single-candidate elections. Results of the election of primary party committees and their secretaries and deputy secretaries shall be reported to the next highest party committees for approval. If necessary, the posts may be appointed by the next highest party committee.

Primary party committees are elected for a term of two years, and elections are held at the appointed time at the end of the term. The approval of the next highest party committees must be sought if the election needs to be held before or after the due day. Delays may not exceed one year.

Article 43. The functions and powers of primary general membership meetings are as follows:

- (1) To discuss and implement the measures embodied in the decisions and directives of the higher levels.
- (2) To discuss and decide on major issues in the unit.
- (3) To discuss and approve the reports of primary party committees.
- (4) To elect members of primary party committees and delegates to the party congresses at the next highest level.

Article 44. Primary party committees shall, when the general membership meetings are not in session, assume unified leadership over work in their own units. Their main tasks are as follows:

- (1) To propagate and carry out the party's line, principles, and policies, the decisions, orders, and directives of the higher levels, and the decisions of their own party organizations; and to organize and lead officers and men in carrying out their combat, training, and other tasks.
- (2) To organize party members to conscientiously study Marxism-Leninism-Mao Zedong Thought, study the theory of building socialism with Chinese characteristics, and study the party's basic line, essential knowledge concerning the party, as well as the party's fine traditions.
- (3) To lead party branches in ensuring their regular participation in party activities, and to educate, manage, and supervise party members.
- (4) To conduct the work of recruiting party members in an organized way.
- (5) To lead their subordinate units in strengthening the building of their primary organizations in a planned way, and to organize and unfold mass activities of

striving to establish advanced units and learning from heroes and models.

- (6) To educate and manage cadres and to make suggestions on the training and employment of cadres.
- (7) To lead discipline inspection work in their own units.
- (8) To lead the work of Communist Youth League general branch committees in their own units.

Article 45. Matters to be discussed and decided on by primary party committees are as follows:

- (1) Implementation of the party's line, principles, and policies, the constitution and laws of the country, the rules and regulations of the army, and the decisions, orders, and directives of the higher levels.
- (2) Measures for the fulfillment of combat, training, and other major tasks.
- (3) Implementation of the decisions of general party membership meetings and primary party committees, requests for instructions and reports submitted to the next highest party committees, and reports to general party membership meetings of the corresponding levels.
- (4) Analysis of work on the building of company party branches and primary organizations, and important measures for strengthening the building of company party branches and primary organizations.
- (5) The deployment of backbone cadres and the readjustment and allocation of personnel.
- (6) The examination, approval, and admission of new party members and the promotion of probationary members to full membership.
- (7) Rewards and punishments within their functions and powers.
- (8) Other matters that need to be discussed and decided on by primary party committees.

Article 46. The provisions of Articles 26 and 28 of the present rules and regulations shall, in principle, also apply to primary party committees.

Section Five: Company Party Branches

Article 47. Party branches established by the CPC in companies and primary units analogous to the company level in the PLA are primary organizations of the party in the armed forces. They are the cores of unified leadership and solidarity of their respective units.

Article 48. Party branches should be formed in companies where there are three or more full party members. Temporary units on independent assignments for extended periods may establish temporary party branches.

The establishment of party branches must be approved by regiment-level party committees.

The leading organs of company party branches are the party branch general membership meetings and the committees elected by them. Party branch committees must implement the decisions of the party branch general membership meetings, and must accept the inspection and supervision of the party branch general membership meetings.

Party branch committees are elected by general membership meetings in multi-candidate elections. The number of candidates must exceed the number of seats by 20 percent, and a candidate is deemed successful if he wins over 50 percent of the votes of eligible voters present. A party branch committee usually has five to seven members, or a maximum of nine members. In general, a party branch committee has a secretary, a deputy secretary, and committee members in charge of organization, propaganda, youth work, discipline inspection, security, mass work, and, if necessary, enemy work. Secretaries and deputy secretaries are elected by party branch committees in single-candidate elections. In small committees, some members may be concurrently assigned to take charge of several areas of work. Party branches with only a few full members may establish three-man party branch committees or elect a secretary and a deputy secretary only. Results of the election of members of party branch committees shall have to be approved by the next highest party committee, while results of the election of secretaries and deputy secretaries will have to be approved by party committees of units at the regiment level. Vacancies on the committee should be promptly filled.

Party branch committees are elected for a term of one year, and re-election is held at the end of each term. The approval of the next highest party organization must be sought if the election needs to be held before or after the due day. Delays may not exceed one year.

Leading party members' groups are formed by party branches in accordance with the number and distribution of party members. In principle, each platoon should have a leading party members' group. Group leaders are elected by members of the groups. Party cadres and ordinary party members among the ranks of soldiers shall be grouped together and shall share party life together.

Party branches must always have a given number of full party members and must keep the party ranks relatively stable.

Article 49. Party branch general membership meetings and the party branch committees elected by them

exercise unified leadership over work in their respective units. Their main tasks are as follows:

- (1) To propagate and carry out the party's line, principles, and policies, the constitution and laws of the country, the rules and regulations of the army, the decisions, orders, and directives of the higher levels, and the decisions of their own party branch; to fully bring into play the exemplary vanguard role of party members; and to organize and lead the masses in fulfilling their combat, training, and other tasks.
- (2) To organize party members to conscientiously study Marxism-Leninism-Mao Zedong Thought, study the theory of building socialism with Chinese characteristics, and study the party's basic line, essential knowledge concerning the party, and the party's fine traditions.
- (3) To ensure party members' regular participation in the activities of the party organization, promote criticism and self-criticism, organize party members to make democratic appraisals, commend outstanding party members, see to it that party members fulfill their duties, and protect their rights from encroachment.
- (4) To maintain close ties with the masses, constantly seek their criticisms and opinions regarding party members and the party's work, and safeguard their legitimate rights and interests; to regularly conduct ideological work in companies, and promptly discover and rectify erroneous ideas and unhealthy ways and customs; to unfold activities of respecting cadres and cherishing soldiers, and maintain close ties between officers and men; to provide guidance in the unfolding of recreational and sports activities, and enliven and enrich cultural life in companies; to show concern for and improve material life in companies; and to make proper arrangements for the dependents of officers and men.
- (5) To see to it that officers and men correctly exercise their functions and powers, and educate and supervise them on the need to abide by the law and discipline and be honest in their discharge of duties.
- (6) To unfold activities of supporting the government and cherishing the people, maintain close ties between the government and the army, and between soldiers and the people.
- (7) To teach party members and the masses to heighten their vigilance and resolutely wage struggle against hostile forces, against infiltration and sabotage by hostile forces, and against acts of violation of law.
- (8) To recruit party members in a planned way and collect membership dues.

(9) To lead the work of Communist Youth League branches and soldiers' committees.

(10) To organize officers and men in unfolding activities of striving to build advanced companies and become outstanding soldiers and in unfolding activities of learning from heroes and models.

Article 50. The functions and powers of party branch general membership meetings are as follows:

(1) To discuss and implement the decisions and directives of the higher levels.

(2) To discuss and decide on major issues of their company.

(3) To discuss and approve reports prepared by their party branch committee, and to hear and discuss work reports prepared by their company leader and political instructor.

(4) To elect members of the party branch committee and delegates to the party congress at the next highest level.

(5) To make decisions on the admission or punishment of party members.

Article 51. Matters to be discussed and decided on by party branch committees are as follows:

(1) Implementation of the party's line, principles and policies, the constitution and laws of the country, rules and regulations of the army, as well as the decisions, orders, and directives of the higher levels.

(2) Arrangements for important tasks.

(3) Plans for company building.

(4) Analysis of the state of mind of officers and men and important measures for strengthening ideological work.

(5) The deployment of backbone cadres, organizational readjustment, and the transfer and allocation of personnel.

(6) The upgrading of military ranks.

(7) The selection of professional servicemen, the recommendation of outstanding soldiers to higher education, the promotion of cadres, and the study of specialized skills.

(8) The recruitment of party members.

(9) Rewarding and punishment of the rank and file of companies.

(10) The utilization of important funds and important material resources.

(11) The establishment of Communist Youth League branches and soldiers' committees.

(12) Other important matters of the company.

Article 52. Party branch committees of companies practice a system of division of labor, with company commanders and political instructors assuming personal leadership under the unified leadership of party branch committees. Their duties are as follows:

Exercise unified leadership over their respective units. All major issues that need to be decided on by companies must be discussed and decided on by the party branch committees or party branch general membership meetings. In emergency cases, contingency measures may be taken by the company commander and political instructor, but they must be reported to the party branch committees or party branch general membership meetings afterwards and must be subject to inspection.

Uphold collective leadership. All important issues must be discussed by the party branch committees in a democratic way and must be decided on collectively. It is necessary to give full scope to democracy in discussions and to strictly abide by the principle of the minority being subordinate to the majority in making decisions. Important issues must be put to vote. In a party branch committee, the secretary enjoys the same rights as ordinary committee members. He cannot decide on important issues on his own or change the decision of the party branch committee. The secretary must be democratic in his workstyle, must humbly listen to the views of his committee members, and be good at pooling and giving full scope to collective wisdom. Committee members should enhance their concept of the whole, and actively take part in and defend collective leadership. Should they disagree with the decision of the party branch committee, they may make known their reservations and have the right to reflect their views to the next highest party organization or even the Central Committee, but must resolutely implement the decision before the party branch committee or the next highest party organization changes the decision.

After the party branch committee makes its decision, the company commander and political instructor shall separately assume responsibility for its implementation. If it falls within the category of military work, the company commander will be responsible for organizing its implementation; if it falls within the category of political work, the political instructor will be responsible for organizing its implementation. The company commander and political instructor must subordinate themselves to the leadership of the party branch committee, carry out the decisions of the party branch committee, actively take the initiative to discharge their duties, work in close coordination, and support each other. The party branch committee must not take administrative matters into its

own hands and should support the senior administrative officer in his duties.

Article 53. The division of work between the secretary and the members of party branch committees is as follows:

The party branch secretary shall be responsible for the day-to-day work of the party branch and for chairing meetings of the party branch committee. He shall inspect and supervise implementation of the decisions of the party branch, regularly report to the party branch general membership meeting and the next higher party organization on behalf of the party branch committee, organize and hold meetings of democratic life, unfold criticism and self-criticism, maintain close ties with party branch members and company cadres, exchange information with them, and review work together.

The deputy secretary shall assist the secretary in his work, and fill in for him when he is away.

The committee member in charge of organization work shall be responsible for keeping organizational records of the party branch, exercise supervision over recruitment work, collect membership dues, and record changes in the party affiliation of party members.

The committee member in charge of propaganda shall be responsible for finding out about the progress made by party members in ideology and study. He shall organize study courses and education for party members, and organize propaganda and agitation work.

The committee member in charge of youth work shall be responsible for the work of the Youth League party branch. He shall also implement the decisions of the party branch concerning work among young people.

The committee member in charge of discipline inspection shall be responsible for inspecting the enforcement of party discipline among party members. He shall also handle or re-direct complaints and accusations against party members.

The committee member in charge of security shall be responsible for the prevention of crime and the maintaining of secrecy.

The committee member in charge of enemy work shall be responsible for neutralizing the enemy.

Article 54. The main tasks of leading party members' groups are as follows: To organize party members to study; to conduct ideological work among party members and hear reports by party members; to see to it that party members implement the party's decisions; to educate and foster potential party members; to conduct ideological work among the masses; and to collect membership dues.

Article 55. The party branch must uphold the following organizational systems:

(1) The meeting system. The party branch general membership meeting generally meets once a month; the party branch committee meets when necessary; while the leading party members' group meets once a month. Minutes must be kept for all meetings.

(2) The party day system. Half a day is set aside each week for activities of the party organization.

(3) The party lesson system. One or two party lessons are given each month.

(4) The work report system. The party branch committee makes quarterly or periodic reports to the party branch general membership meeting on progress of work or self-development.

(5) The democratic life system. The party branch committee or party branch general membership meeting meets once every six months to have heart-to-heart talks, make criticism and self-criticism, strengthen unity, and improve work.

(6) The party member report-back system. Party members are required to report back to their party organizations once a month on their ideology, work, and fulfillment of tasks assigned by the party branch. They are also expected to make prompt reports to the party branch when they encounter important problems, and to make written reports when they are away for a long time.

(7) The system of making democratic assessments of party members. Assessment which combines the efforts of party and non-party people is made on the ideology, work, workstyle and exemplary role of party members, particularly party cadres, at least once a year.

Chapter Five: Political Commissars, Political Directors, and Political Instructors

Section Three: Political Instructors

Article 72. Political instructors and company commanders are both leaders of companies. Under the leadership of leading cadres and political organs at the higher level and of the company party branch, they jointly assume responsibility for all tasks of their company. Political instructors are in charge of the day-to-day work of their company party branch.

Article 73. Political instructors must have a required theoretical and political understanding of Marxism-Leninism-Mao Zedong Thought necessary for discharging their duties, and must strive to have a good grasp of the theory of building socialism with Chinese characteristics and implement the party's line, principles, and

policies in an exemplary way. They must have a strong sense of mission for the revolutionary cause as well as a strong sense of political responsibility, and have the basic ability to conduct party work, ideological work, and political lessons, coordinate internal and external relations, and rely on the party organization to unfold work. They must have the military quality and the necessary scientific, cultural, and specialized knowledge needed for conducting modern warfare. They must be heroic in fighting, positive in work, and persistent in principles, and must demonstrate the good workstyle of being even-handed and upright, able to maintain close ties with the masses, and unite with comrades, being honest in performing their duties and exemplary in action. Political instructors must be full members of the CPC.

Article 74. Political instructors must perform their duties in accordance with the decisions, orders, and directives of the higher levels, the decisions of the company party branch, and the actual conditions of their own units. They must devote their main energies to the organization of political work. Their main duties are as follows:

(1) To educate and lead officers and men in implementing the party's line, principles and policies, the Constitution and laws of the country, the rules and regulations of the army, and the decisions, orders, and directives of the higher levels.

(2) To organize officers and men to study Marxism-Leninism-Mao Zedong Thought and study the theory of building socialism with Chinese characteristics; to translate the contents and systems of political education into reality, properly conduct political lessons, and properly organize study and discussion; and to organize officers and men to listen to news broadcasts and read newspapers every day.

(3) To assist the company commander in directing combat, do a good job of mobilization, propaganda, and agitation, strengthen the organization, consolidate the armed forces, neutralize the enemy, and implement the policy of being lenient in the treatment of captives; to do a good job of political work among units taking part in coordinated operations, and among the militiamen and civilian workers taking part in combat and among the masses in combat zones; to organize officers and men to carry forward military democracy and launch a campaign of rendering meritorious service in battle; to educate the officers and men of companies to resolutely carry out orders, maintain discipline on the battlefield, carry forward the fine style of combat, and fulfill the fighting tasks; to conduct combat assessment; and to do effective postwar work.

(4) To effectively conduct military training and political work during operations, conduct ideological mobilization with specific objectives in mind, carry out propaganda and agitation by diverse means, organize all kinds of competitions to bring into play the exemplary vanguard role of party members, arouse the enthusiasm and creativeness of officers and men, and ensure the fulfillment of training and other tasks.

(5) To regularly conduct ideological work. They must familiarize themselves with the personal experience, family background, character, preferences, and specialties of all officers and men; understand the state of mind of the whole company; and have frequent heart-to-heart talks with officers and men in order to conduct ideological work with specific objectives in mind. They must guide officers and men to adopt a correct attitude toward the acquisition of party membership, promotion, study, transfers, rewards and punishments, love, marriage, family, retirement and demobilization; help them tackle problems of immediate concern to them; arouse the positive factors; and overcome passive factors. They must also build and foster a contingent of backbone cadres in ideological work, and bring into play their role in conducting regular ideological work.

(6) To do a good job of the day-to-day work of the party branch, implement the system of the party's organizational life, maintain the unity of the party branch committee, and inspect and supervise party members in carrying out the decisions of the party branch and in doing a good job of educating, supervising, and recruiting party members.

(7) To show concern for and cherish cadres, help cadres improve their ideological level and their ability to lead the army, help them resolve problems in work, study and livelihood, and make proposals on the training and employment of cadres; to make recommendations on the selection of outstanding soldiers for further education, the promotion of cadres, and the selection of professional servicemen; and to do birth control work.

(8) To grasp the political situation of the places where the company is stationed and do a good job of security work. It is necessary to conduct education on national security, secrecy, and general legal knowledge; tackle problems in a comprehensive way; and see to it that officers and men maintain a high sense of vigilance, consciously wage struggle against infiltration and sabotage by hostile forces and hostile elements and against violations of law and bad tendencies, resist corrosion from decadent ideas, and prevent crimes.

(9) To guide Communist Youth League branches to unfold activities that are suited to the characteristics of young people around the central tasks, and to mobilize

Communist Youth League members and young people to play their role as a shock force in accomplishing various tasks.

(10) To guide and help soldiers' committees to improve their organization and implement various systems, unfold activities, carry out political democracy, economic democracy and military democracy, protect the legitimate rights and interests of officers and men, improve the standards of their material life, and arouse the enthusiasm of officers and men in showing concern for company building.

(11) To lead and launch healthy and useful recreation and sports activities, enliven and enrich the cultural life of companies, organize officers and men to acquire scientific and cultural knowledge, and train people who can render useful service both in the army and in civilian production.

(12) To organize and unfold mass activities to scale new heights and learn from heroes and models, and to do a good job in giving rewards and punishments.

(13) To organize and unfold activities of respecting cadres and cherishing soldiers and to strengthen unity between officers and men. It is necessary to educate officers to rectify their fundamental attitude toward soldiers, show concern for and love soldiers, and improve the work of managing and educating soldiers; to educate soldiers to respect their officers, obey orders, and observe discipline; and to do a good job of making arrangements for visits by dependents.

(14) To organize and unfold activities of supporting the government and cherishing the people, and educate officers and men to support the government and cherish the people. It is necessary to abide by the rules of mass discipline and social morality, actively take part in joint efforts by soldiers and civilians to promote socialist ideological and cultural progress, and do good things for the masses.

Article 75. Political instructors should take the initiative to consult with company leaders in their work, and political instructors and company leaders should support one another and work in close cooperation. When accord cannot be reached over differences in principle, the matter should be referred to the party branch committee for discussion and decision, or submitted to the higher level for resolution. In emergency situations, military issues should be decided on by company leaders while political issues should be decided on by political instructors. Whatever the case, they must be responsible to the party branch committee and the higher level, submit reports after action has been taken, and accept inspection.

Article 76. The provisions in this section also apply to political instructors of units analogous to the company level.

Chapter Seven: Organizations of the Chinese Communist Youth League in the Armed Forces

Article 107. Organizations of the Chinese Communist Youth League in the PLA are mass organizations of advanced youths led by the CPC in the armed forces; schools for the vast numbers of young people learning communism in the course of practice; and assistants to and reserve forces of the party.

Article 108. The Chinese Communist Youth League establishes committees in units at the brigade and regiment levels in the army and in elementary and intermediate-level institutions of higher learning, general branches in battalions and units analogous to the battalion level, and branches in companies and units analogous to the company level.

Article 109. Under the leadership of party committees and political organs of their own units and under the direction of commanders at the corresponding level, league committees lead the league work and youth work of their subordinate units.

League committees are elected by secret ballot in multi-candidate elections at league congresses or league general membership meetings, and are approved by the party committee at the corresponding level. League committees have nine to 13 members at the brigade and regiment level, and 17 to 21 members in institutions of higher learning. Vacancies should be promptly filled. A committee has a secretary and a deputy secretary. Secretaries and deputy secretaries are elected by league committees at plenary sessions. The post of secretary is usually filled by members of party committees at the corresponding level, and league committee secretaries who are party members but not members of party committees at the corresponding level may attend relevant meetings of party committees at their corresponding level as non-voting participants. Under league committees are league affairs groups, youth education groups, and youth activity groups, which undertake and implement tasks decided on by the league committees.

League committees are elected for a term of two years. At the end of each term, league committees shall convene a delegate meeting or a general membership meeting to hold re-election. In general, league committees meet once every three months.

League committees should devote their main energies to the building of league branches. They should call joint sessions of league branch secretaries at regular

intervals to sum up work and exchange experience. They should be responsible for training secretaries and members of league general branches and league branches, and should promptly report conditions to, request instructions from, and report their work to the party's committees and political organs.

Article 110. League general branch committees shall work under the leadership of league committees and party committees at the corresponding level and under the direction of senior officers of their respective levels.

League branch committees are elected by secret ballot in multi-candidate elections held at general membership meetings or delegate meetings. The results of elections are subject to endorsement by party committees at the corresponding levels and should be reported to the higher league committees for approval. League general branch committees usually have five to nine members, and vacancies should be promptly filled. There should be one to two soldier members on each committee. A league general branch committee has a secretary and a deputy secretary. The post of secretary is usually filled by members of party committees at the corresponding level, and youth league general branch committee secretaries who are party members but not members of party committees at the corresponding level may attend relevant meetings of party committees at the corresponding level as non-voting participants.

League general branch committees are elected for a term of two years. At the end of each term, league general branches shall convene a general membership meeting or a delegate meeting to hold re-election. In general, league general branch committees meet once every month.

League general branch committees should regularly check up on league branches and assist them in their work, and convene meetings of league branch secretaries at regular intervals to sum up work and exchange experience. They should draw up plans for the recruitment of league members and approve the recruitment of new league members. They should also promptly report conditions to, request instructions from, and report work to league committees and to party committees at the corresponding levels.

Article 111. The organization and leadership system of league branches are as follows:

(1) League branches act as assistants to party branches. They work under the leadership of higher league organizations and party branches and under the direction of senior officers of their respective levels.

(2) Independent units with three or more league members should all set up league branches. In individual

units which do not have the necessary conditions for the establishment of league branches, members may become affiliated members of league branches of armed forces units in the neighborhood. The establishment of league branches should be approved by league committees.

(3) League branch committees are elected by general membership meetings. League branch committees generally have five to seven members and are elected for a one-year term. Vacancies should be promptly filled. A committee has a secretary, a deputy secretary, and members in charge of organization, propaganda, and recreation and sports. The post of secretary is filled by deputy political instructors. In companies which do not have deputy political instructors, the post is usually filled by party member officers. In general circumstances, league branch secretaries should be party branch members. League branch secretaries who are party members but not members of party branch committees may attend relevant meetings of party branch committees as non-voting participants. Candidates of league branch committee members, secretaries, and deputy secretaries must be endorsed by party branch committees and reported to the next highest league organization for approval. League branches with less than seven members shall not establish league branch committees. They shall have a secretary and a deputy secretary, or simply have a secretary.

(4) The leading organ of a league branch is its general membership meeting. When the league branch general membership meeting is not in session, the league branch committee elected by the general membership meeting is its leading organ. League branch committees shall implement the decisions of the league branch general membership meeting and handle the day-to-day work of the league.

(5) The functions and powers of the league branch general membership meeting are to relay the decisions and directives of the next highest league organizations and party branches; hear and review the work reports of league branch committees; discuss and decide on important issues regarding the development of their league branches; elect the league branch committee and delegates to the next highest league congresses at the next highest levels; and make decisions on the recruitment of league members and on their rewards and punishments.

(6) League branch committees shall implement the principle of democratic centralism and exercise collective leadership. All important issues must be collectively discussed at league branch committees. Members of league branch committees must take the initiative to do a good

job of the work which falls into their area of responsibility.

(7) League branches are usually divided into leading league members' groups along the lines of squads or platoons. Heads of leading league members' groups are elected by group members. Leading league members' groups are responsible for organizing members to take part in study and league activities, training and educating prospective members, divide work among league members, urge league members to implement the decisions of the league branches, and collect league dues on time.

(8) League branches must uphold the following systems: Hold league general membership meetings once a month; convene league branch committee meetings at least once a month; hold group life meetings at least once a month; and conduct one or two lessons each month. In general, league branch committees report their work to league branch general membership meetings once every three months or by stages. Half a day each week should be set aside for league day activities. Registration of league membership should be conducted once a year.

Article 112. The division of work between league branch secretaries and members of league branch committees:

League branch secretaries are in charge of the day-to-day affairs of league branches. They shall, on the basis of the directives of their next highest league organizations and party branches, and in light of the actual conditions in their league branches, decide on the holding of league branch committee meetings to discuss work. They shall oversee the implementation of decisions by league general membership meetings and league branch committees, and report work to the general membership meetings and next highest league organizations on behalf of the league branch committee. They shall maintain close ties, compare notes and discuss work with league branch committees of their own accord, strengthen ties and work in close cooperation with soldiers' committees, request instructions from and report work to party branches and senior officers of the corresponding levels, and organize the training of leaders of league members' groups.

The league branch deputy secretary shall assist the secretary in his work and fill in for him in his absence.

The committee member in charge of organization is responsible for overseeing the organization of the league branch. He is responsible for the recruitment of league members, the meting out of rewards and punishments, the collection of membership dues, the registration of

league members, and the resignation of league members who have passed the age limit. He shall also see to it that members of league members' groups take part in league activities.

The committee member in charge of propaganda is responsible for keeping an eye on the state of mind and study of league members and young people. He is responsible for conducting league classes, organizing league members and young people to take part in study, and unfolding propaganda and agitation work.

The committee member in charge of recreation and sports is responsible for organizing healthy recreation and sports activities for league members and young people. He is also responsible for strengthening ties and working in cooperation with soldiers' committees.

Article 113. Communist Youth League organizations at all levels must, in accordance with the "Articles of Association of the Chinese Communist Youth League" and the relevant rules and regulations of the army, and under the leadership of the party organizations and the direction of the senior officers of their respective units, unfold education and activities that are suited to the characteristics of young people around the central tasks of the armed forces units; guide league members and young people to temper themselves into educated and well-disciplined soldiers who have lofty ideals and moral integrity in the practice of socialist modernization and the revolutionization, modernization, and regularization of the army; and play the role of the shock force in the fulfillment of various tasks. The main tasks of league organizations at various levels are as follows:

(1) To mobilize and organize league members and young people to study Marxism-Leninism-Mao Zedong Thought; study the theory of building socialism with Chinese characteristics and the party's line, principles, and policies; study the army-building principle, glorious history, and fine traditions of the PLA; and raise the political awareness of league members and young people.

(2) To conduct education on the communist ideal, moral ethics, and essential knowledge concerning the league and the party among league members and young people, regularly find out about and analyze the state of mind of league members and young people, assist party organizations in conducting regular ideological work, and guide league members and young people in embracing a correct world outlook and correct values.

(3) To teach league members and young people to implement the party's line, principles, and policies; to abide by the constitution and laws of the country as well as the rules and regulations of the army; to implement

the decisions, orders and directives of the higher levels; and to wage struggles against violations of law and discipline.

(4) To mobilize and organize league members and young people to learn military techniques, learn their ropes and acquire scientific and cultural knowledge, and to unfold activities of small inventions, small creations, and small reforms.

(5) To organize league members and young people to take an active part in healthy recreation and sports activities suited to the characteristics of young people.

(6) To organize league members and young people to unfold activities of learning from heroes and models, and to take an active part in activities of striving to establish advanced companies and becoming outstanding soldiers.

(7) To do a good job of recruiting league members and meting out rewards and punishments to league members, to defend the legitimate rights of league members and young people, to reflect the views and demands of league members and young people to party organizations and administrative chiefs, and to handle and pass on league members' appeals and accusations.

(8) To make reports to party organizations on the conditions of the rank and file of league members, to organize league members to take part in party lessons, and to recommend outstanding league members to the party for recruitment purposes.

Chapter Eight: Soldiers' Congresses and Soldiers' Committees

Section Two: Soldiers' Committees of Companies

Article 118. Soldiers' committees of companies of the PLA are organizations of companies for practicing political democracy, economic democracy, and military democracy; for ensuring that soldiers can exercise their democratic rights; and for unfolding mass activities. Soldiers' committees of companies work under the leadership of party branches and the direction of company commanders and political instructors.

Article 119. Soldiers' committees of companies have five to seven members. Committee members are recommended by the masses and elected by soldiers' congresses of the companies. The results of election are reported to the party branch for approval. Soldiers' committees are elected for a term of one year. Vacancies are promptly filled. Members of soldiers' committees elect their own chairman and vice chairman. The post of chairman is usually filled by the deputy company commander, while members are elected from among soldiers and officers who have outstanding military and political

qualities, who command respect among the masses and have proven organization and operational ability, and who are willing to serve the masses.

Under soldiers' committees are political democracy groups, economic democracy groups, military democracy groups, recreation and sports groups, and mass work groups. Leaders of these groups are concurrently served by committee members or by their vice chairmen, and members are chosen from among soldiers who are suitable to work under those groups. Each group usually has three members. In small companies, the groups may be appropriately merged and corresponding reductions made in their membership.

Article 120. Soldiers' committees of companies must organize officers and soldiers to promote political democracy, economic democracy, military democracy, and other mass activities around the central tasks of the companies. They must play their role as staff officers in company building and in accomplishing various other tasks, play their supervisory role in maintaining policy discipline and in defending soldiers' legitimate interests, and play their role as bridges in cementing closer ties between officers and men and between soldiers and the people. The main tasks of soldiers' committees are as follows:

(1) Mobilize officers and men to make suggestions on the strengthening and improvement of work in their companies; supervise officers and men in abiding by the rules and regulations of the army, commanding good people and good deeds, and criticizing and exposing acts of violation of law and discipline; reflect the opinions and demands of soldiers on officers; assist in the resolution of contradictions between officers and men; make recommendations on the selection of soldiers for further study, the selection of soldiers for technical training, the promotion of squad leaders and deputy squad leaders, and the selection of professional servicemen; and make appraisals for the conferring of merits and awards.

(2) Find out about and reflect the views of officers and men on food and provisions and study ways to improve in this area. Exercise supervision over expenditures; regularly go over and publicize financial information; and guard against embezzlement and theft, extravagance and waste, and spending and taking more than one's share.

(3) Mobilize officers and men in taking an active part in various tasks which center around military training; unfold activities of officers and men teaching one another and learning from one another, activities of making evaluations of teaching and learning, as well as activities of appraisals and competitions; and contribute

ideas and suggestions for the fulfillment of tasks. In times of war, officers and men should be mobilized to resolutely carry out combat orders, work out strategies for defeating the enemy, and make appraisals of combat.

(4) Organize officers and men to unfold mass recreation and sports activities.

(5) Assist the senior officers of companies in organizing officers and men in unfolding activities of supporting the government and cherishing the people; in taking part in the joint efforts of soldiers and the people to develop socialist ideological and cultural progress; and in inspecting and maintaining discipline among the masses, in mobilizing officers and men to do good things for the masses, and in becoming involved in the handling of problems reflected by the masses and doing a good job in promoting visits by dependents.

Article 121. The work system of soldiers' committees of companies is as follows:

(1) Soldiers' committees practice collective leadership. Important activities are discussed and decided on collectively, and are discussed and endorsed by soldiers' congresses where necessary.

(2) Committee meetings are held once a month to make arrangements for work.

(3) The committee reports work to soldiers' congresses once every three months, and hears their criticisms and recommendations.

(4) The committee examines expenses on provisions and operating costs at least once a month, and makes public the books to the whole company.

(5) Company-wide activities must be approved by the senior officer of the company.

PLA Flight Demonstration Team Replaces Planes

OW1307105995 Beijing XINHUA in English
1020 GMT 13 Jul 95

[FBIS Transcribed Text] Beijing, July 13 (XINHUA) — The demonstration flight team of the Chinese People's Liberation Army (PLA) replaced all its existing models with China-made high-altitude and high-speed fighter planes today.

An army officer said the replacement will help to display the fine image of PLA's Air force.

The team, known as "August 1," was built in 1962. It has performed flights for 200 delegations from 60 countries and regions. It has been listed as one of the best in the safety record in the world.

General**Zou Jiahua, Chen Jinhua at Think-Tank Opening**

*HK1307060495 Beijing CHINA DAILY in English
12 Jul 95 p 2*

[Article by Sun Shangwu: "Think-Tank To Steer Economy"]

[FBIS Transcribed Text] The State Planning Commission (SPC) announced in Beijing yesterday that it will set up the Academy of Macro-Economic Research.

The academy, which is established on the basis of the original SPC Economic Research Centre, will focus on the hot issues in China's economic and social development.

The 750-member academy is to include seven research institutes covering such fields as economics, investment, industrial and technical economics, energy, transportation, land development and regional economics, social development, markets and prices, and foreign trade.

"As a think-tank of the SPC, the academy should also provide timely, valuable and accurate reference for the decision-making of the State Council and the Communist Party's Central Committee," Vice Premier Zou Jiahua told a gathering celebrating the academy's establishment.

Research should be farsighted and proposals, practical, he said.

SPC Minister Chen Jinhua told the meeting that the academy should pay close attention not only to macroeconomic activities, but also to enterprise economics and the financial situation of rural areas.

"Its research should proceed from the country's economic reality and focus on those issues bearing great importance," Chen added.

He encouraged the academy to set up more links with other government departments, enterprises and foreign research organs.

The powerful SPC is the comprehensive department under the State Council in charge of economic and social development.

Nation 'Covered' by Mobile Phone Network

*OW1207145095 Beijing XINHUA in English
0653 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — China is officially covered by mobile phone communications, so mobile phone subscribers, as of the end of June, can phone by cellular phone from any city or county across the country, a spokesman with the Min-

istry of Post and Telecommunications (MPT) announced here today.

Although the network, which uses a 900 MHZ analogue cellular phone system of the U.S.'s Motorola and Sweden's Ericsson, started trial operation on the first day of this year and the current national cordless system is confined to the two types, the operation has been hailed as "a new developmental stage for China's mobile phone service."

According to Zhang Chunjiang, director of the Mobile Communications Bureau of the MPT, as the first stage of the national cordless system, the two systems will form a separate mobile phone network nationwide, referred to as A network and B network.

During the second stage, sometime toward the end of the year, the two systems will be joined together to form the world's largest cordless network of mobile phone communications.

According to Zhang, China now has advanced digital cellular mobile phone connections in Beijing, Shanghai, Wuhan, Guangdong, and Hainan. Another 17 provinces will have access to public digital mobile phone service by the end of the year. China is also expected to have the cordless 150 MHZ paging system by the end of this year, he added.

According to sources from MPT, China started its first paging system in Shanghai in 1984 and the first public 900 MHZ analogue cellular mobile phone system in Guangdong in November, 1987.

With the rapid economic development in recent years, more and more Chinese people have seen the advantage of mobile communications. By the end of 1994, the number of mobile phone subscribers was 1.567 million and another 746,000 were added in the first five months of this year, nearly half of the goal for the year.

Finance & Banking**Tax Revenue Increases; Evasion 'Widespread'**

*HK1307055195 Beijing CHINA DAILY in English
12 Jul 95 p 1*

[Article by Tong Ting: "Tax Revenue Swells in First Half"]

[FBIS Transcribed Text] Individual income tax revenue rose 84 per cent in the first half of this year, but officials are still trying to come to grips with widespread tax evasion.

China collected 5.51 billion yuan (\$656 million) in personal income tax by the end of June, 83.8 per cent

higher than the same period of last year, according to the State Administration of Taxation.

Tax revenue between January and June has already met 55 per cent of the year's target, a taxation official said.

Statistics showed that individual income tax levies increased in all parts of China.

Ten provinces, municipalities and autonomous regions ranked in personal income tax revenues worth more than double the amount in the same period last year.

Henan, Shandong, Liaoning, Anhui provinces and Guangxi Zhuang Autonomous Region were the top five areas in terms of growth rate. Henan enjoyed the biggest increase, a whopping 159 per cent.

The top five payers of private income tax are Guangdong, Beijing, Shanghai, Liaoning and Zhejiang.

Taxpayers in Guangdong handed in 959 million yuan (\$114 million) of income tax, accounting for 17 per cent of the national total during the January-June period.

In the month of June, China collected 1.19 billion yuan (\$141 million) in individual income tax, 81.5 more than the same period of 1994.

In spite of the big climb, the official admitted that tax evasion is still a serious problem, and he urged more efforts to stop evasion and increase State revenue.

He could not provide figures on the extent of evasion.

The official said there are several reasons for tax evasion.

Few high-income Chinese are aware of income duties, he said.

The government issued its first law on personal income in 1986 but the law was not implemented until last year, when China began to levy the tax in accordance with a revised Individual Income Tax Law.

It stipulates progressive tax rates from 5 to 45 per cent.

The bottom line for taxable income is 800 yuan (\$95.2) per month and the highest rate is for those earning a monthly income of 100,000 yuan (\$12,000) or more.

Although China has issued a temporary regulation on personal income tax deduction, many enterprises fail to deduct personal income taxes from employees' salaries.

Tax institutions have no reliable method of assessing taxpayers, said the official.

In some regions, incompetent tax staff and inadequate spending also contribute to the inefficiency in tax collection.

Authorities will take further measures to eliminate tax evasion, he said.

The government is set to launch a special inspection on personal income tax collection in the third quarter of this year.

The State Administration of Taxation and the Ministry of Culture are also studying a new regulation on inspecting the Chinese performing arts industry, aiming to ensure tax payment by high-income singers and film stars.

The government will further promote the implementation of regulations on personal income tax deductions and declaration, which went into effect earlier this year.

Economist on Rising Foreign Exchange Reserves

*HK1307061095 Beijing JINGJI CANKAO BAO
in Chinese 3 May 95 p 1*

[Article by correspondent Zhou Qifu (0719 0366 3940): "How To View the Rapid Increase in Our Country's Foreign Exchange Reserves—Interview With Economist Professor Xiao Zhuozi"; first paragraph is JINGJI CANKAO BAO introduction]

[FBIS Translated Text] A few days ago, the State Statistical Bureau made public the information that at the end of March this year our country's foreign exchange reserves had reached \$58 billion. This was an increase of over \$6 billion as compared with the figure at the beginning of the year. It was also an increase of 1.8 times over the figure of \$20.4 billion at the beginning of last year. This rapid growth in our country's foreign exchange reserves in a little over a year has attracted wide attention both domestically and abroad. How are we to view this rapid growth? A few days ago, our reporter visited the economist Xiao Zhuozi, a professor at Beijing University.

[Zhou] The rapid growth in our country's foreign exchange reserves has attracted attention from around the world. What is your opinion of this phenomenon?

[Xiao] This is of course a good thing. It can be analyzed from three angles.

First, it shows that our country has sufficient foreign exchange reserves. In today's world, the size of a country or region's foreign exchange reserves is a major indicator of that country or region's economic strength. Our country having a large amount of foreign exchange resources means that it has guarantees to cover the balance of payments in the national economy. In addition, our international financial credit rating will also be raised. This is beneficial to developing international economic

and technical cooperation, beneficial to drawing in foreign funds, and beneficial to further carrying out reform and opening up.

Second, it shows that our country's foreign exchange system reforms have realized obvious achievements. At the beginning of 1994, the country implemented reforms of the foreign exchange system, and there was a switch from the dual-track system involving official exchange rates and market-regulated exchange rates to a unitary floating exchange rate system. Over the last year or so, our country's foreign exchange prices have been stable, and the renminbi/U.S. dollar exchange rate has been stable and has seen a slight upward movement. At the beginning of 1994, the dollar converted to 8.7 yuan. Now, the dollar converts to about 8.42 yuan. The reforms of the foreign exchange system have not only not resulted in a fall in foreign exchange reserves, but have actually resulted in their greatly increasing. Third, large foreign exchange reserves have very great benefits in expanding a state's macroeconomic regulation and control capacity and in guaranteeing the healthy and stable development of the economy. The logic of this is quite simple. If any particular sector of the national economy is facing difficulties, for example if grain or cotton is affected by natural disasters and sees poor harvests, the state can use some of its foreign exchange reserves to import grain or cotton. Likewise, if there is an insufficiency of industrial products or consumer products, the state can use its foreign exchange reserves to purchase them, so that there is a basic balance between supply and demand in the domestic market.

[Zhou] There has been much comment in both domestic and foreign media about the rapid increase in our country's foreign exchange reserves, holding that this has both advantages and disadvantages for China. How do you view the "harm"?

[Xiao] I believe that on the one hand an excessively swift growth in foreign exchange reserves ties up a large volume of renminbi. As our country practices a quite strict foreign exchange account settling system, and the People's Bank of China participates directly in inter-bank foreign exchange market trading, last year the purchase of foreign exchange required the input of over 300 billion yuan of basic money. This increased the pressure on efforts to hold down inflation.

On the other hand, because of the decrease in value of the dollar, while the increase in our foreign exchange reserves has been swift, the losses have also been great. Everyone knows that in our foreign exchange reserves, the dollar constitutes over 80 percent of total reserves. Since the beginning of this year, there have been intense shocks in the international exchange rates, and the yen

and the mark have seen rapid increases in value. The dollar has seen a continued decline in value, and after the yen/dollar rate broke through the 100:1 barrier at the beginning of the year, in the middle of April it broke through the 80:1 barrier. Based on a comparison of the U.S. dollar/special drawing rights rate issued by the International Monetary Fund at the end of 1994 and the current rate, the invisible losses to the value of our country's foreign exchange reserves have been several billion dollars.

[Zhou] As a rapid increase in foreign exchange rates has both advantageous and disadvantageous aspects, how does one promote what is beneficial and avoid what is disadvantageous?

[Xiao] Properly managing and utilizing our foreign exchange reserves is an extremely difficult operational task with a very strong policy nature. It requires exploration by foreign exchange management departments and economists throughout the country. My personal opinion is that we must do well in two aspects of work:

One aspect is to maintain foreign exchange reserves at an appropriate scale. One opinion in international circles is that an appropriate scale of foreign exchange reserves for any particular country is the equivalent of the foreign exchange needed to fund three months of that country's imports. Another aspect is to gradually readjust the structure of our country's foreign exchange reserves. Generally, the majority of foreign exchange reserves should be held in strong currencies which are appreciating, and a minority should be held in weak currencies which are declining in value. As far as our country is concerned, the foreign exchange reserves should not be so heavily weighted toward the dollar, and there should be an increase in the weighting of the yen and the mark, so as to reduce the risk from changes in exchange rates in the international environment. As the position of the dollar as the international reserve currency is gradually weakening, we need to research the question of the current methods by which the exchange rate level of the renminbi is decided, so that we can accord with the changes in the international market and the demands of the development of our country in foreign economic relations and trade.

I believe that there is a pressing need to pay close attention to trends in the international financial market and to keep a close eye on all information, so that we can adopt countermeasures and, as far as possible, avoid or reduce the disastrous effects of sharp changes in the foreign exchange market during the process of continual increase in our country's foreign exchange reserves.

Foreign Trade & Investment Beijing To Open Insurance Market Further

*OW1207145895 Beijing XINHUA in English
1231 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — China is to open more cities to foreign insurance companies, and set up more local and foreign-funded insurance companies.

This was revealed by a senior financial official at a just-concluded seminar on the Insurance Law and the development of China's insurance business.

It will also reduce the waiting period from three to two years for the upgrading of a foreign insurance company's representative office in China to an operating branch.

The law, which was passed by China's top legislature, the National People's Congress, last month, provides a legal base for China to further open its insurance market, said Yang Wenyou, head of the Foreign Financial Institutions Department of the People's Bank of China.

The law clarifies the rights and duties of both insurance companies and policy-holders as well as the relations between the insurers and the insurance authorities, and puts foreign insurance companies in China under its supervision.

It also demands that the life and property insurance businesses in China be run by different organizations, bringing the operation of China's insurance in line with the international standards, Yang said.

Since China resumed the insurance business in 1979, the insurance companies have usually provided not only life but also property coverage.

The law allows insurance companies only to handle commercial insurance, shedding the heavy burden of social insurance and enabling them to concentrate on developing life or property insurance business, thus creating a level playing field for them to compete with foreign insurers.

The law will also strengthen the insurance awareness of the Chinese public and fuel the growth of China's insurance market, at the same time offering more opportunities for foreign insurance companies.

China has been opening its insurance market gradually, as introducing foreign insurance organizations helps China's insurance sector develop and improve its services and supervision, Yang noted.

In the early 1980s insurance companies from the United States, Japan and other countries set up representative offices in China. By the end of June 1995 some 73

insurance companies from 13 countries had set up 105 representative offices in China.

In 1992 the State Council allowed Shanghai to enact a temporary regulation on introducing foreign-funded insurance institutions, making the metropolis the only area in China open to foreign insurance companies.

In 1993 the American International Assurance Co. Ltd, a subsidiary of the American International Group, was the first to get the approval to establish a branch in Shanghai.

In July 1994 the Tokyo Marine and Fire Insurance Co. Ltd of Japan also set up a branch in the city.

IPR Customs Protection Regulations

*OW0707142095 Beijing XINHUA Domestic Service
in Chinese 0828 GMT 5 Jul 95*

[FBIS Translated Text] PRC Regulations on Customs Protection of Intellectual Property Rights

Chapter I. General Principles

Article 1. These regulations are formulated in accordance with relevant PRC laws to effect customs protection of intellectual property rights [IPR]; to promote foreign trade and scientific, technological, and cultural exchange; and to safeguard social and public interests.

Article 2. These regulations shall apply to importing and exporting goods involving IPR under the protection of the PRC laws and administrative regulations, including exclusive trademark rights, copyrights, and patent rights.

Article 3. Goods infringing IPR under the protection of the PRC laws and administrative regulations (hereinafter abbreviated as infringing goods) shall be prohibited from import and export.

Article 4. The PRC customs authorities shall protect IPR related to importing and exporting goods by exercising relevant powers under the "PRC Customs Law."

Article 5. Consignees importing goods or the consignors exporting goods or their agents (hereinafter abbreviated as consignees or consignors) shall, as required by the customs authorities, faithfully declare to the customs authorities the conditions of IPR related to importing or exporting goods, by submitting relevant certificates and evidence for verification.

Article 6. IPR owners and their agents (hereinafter abbreviated as IPR owners) seeking customs authorities' protection of their IPR related to import or export goods shall report their IPR to the customs authorities for the record, and, when deemed necessary, submit their

applications for protective measures to be taken by the customs authorities.

Article 7. In effecting protection of IPR, customs authorities shall keep business secrets of the interested parties confidential.

Chapter II. Filing of Records

Article 8. IPR owners seeking customs protection of their IPR shall submit their applications in writing to the General Administration of Customs [GAC].

Applications shall contain the following information:

- (1) Names or personal names of IPR owners, place of registration or nationality, residential addresses, name of legal representatives, principle business venues, others;
- (2) Registration number of registered trademarks, contents, and their expiry dates; patent rights authorization numbers, contents, and their expiry dates; or contents of copyrights;
- (3) Name of goods involving IPR and place of production;
- (4) Persons authorized or permitted to use IPR;
- (5) Information on major customs offices handling import or export of goods involving IPR, importers and exporters, major identifications, and their normal prices;
- (6) Information on known manufacturers of infringing goods, importers and exporters, major customs offices handling import and export, major identifications, and prices;
- (7) Other information required by the GAC.

The following documents shall be attached to written applications:

- (1) Duplicate copies of proof of identity of IPR owners, or transcripts of registration certificates, or duplicate copies certified by the registering authorities;
- (2) Duplicate copies of registration certificates of registered trademarks, public notices on transfer of registered trademarks with approval of trademarks office, or duplicate copies of agreement permitting use of registered trademarks; or duplicate copies of patent rights certificates, transcripts of agreements on transfer of patent rights recorded and published by the patent rights office, transcripts of agreements permitting patent implementation; or certified documents of copyrights or evidence;
- (3) Other documents required by the GAC.

Article 9. Within three days of receiving all the application documents, the GAC shall notify the applicant whether the registration application has been approved.

When the application has been approved, the GAC shall issue certification that the customs office shall provide the protection. Reasons shall be stated if the application is not approved.

Article 10. The registration of customs office IPR protection remains valid for a period of seven years, beginning with the date of GAC approval.

Under the premise that the IPR is effective, the IPR proprietor may, within six months before the validity period of the IPR protection registration expires, request an extension from the GAC. The validity period of each extension is seven years.

The registration for customs office IPR protection shall lose its validity if no extension request is made before the record expires, or if the legal protection period for proprietary trademarks, copyrights, and patent rights is not extended.

Article 11. When the situation for recording IPR protection changes, the IPR owners shall, within 10 days after authorities in charge of IPR have approved the change, have the change processed or have the registration deleted, at the GAC.

Chapter III. Submitting a Request

Article 12. When an IPR proprietor who has had his IPR ownership registered at the GAC suspects that infringing goods are going to enter or depart the country, he may submit a request for IPR protection to the customs office of the locality through which the goods enter or depart.

Article 13. The request submitted to the customs office for taking IPR protection measures shall be in written form.

The written request shall include the following information:

- (1) The name of the IPR that requests protection and the number of the registration at the customs office;
- (2) The name, address, legal representative, and main business outlets of the infringement suspect;
- (3) The name, specifications, and other relevant information of the infringing goods;
- (4) The port through which the suspected infringing goods may enter or depart; as well as information about the time of the entry or departure, the means of transportation, the consignee, and the consignor;
- (5) Infringement evidence
- (6) Measures which the customs office is requested to take; and

(7) Other information which the customs office deems necessary.

Article 14. The applicant who requests the customs office to withhold the suspected infringing goods shall submit to the customs office a security the amount of which is equivalent to the imports' CIF [cost, insurance, and freight] or the exports' FOB [free on board].

Article 15. When an IPR proprietor requests the customs office to take measures to protect his IPR that have not been registered at the GAC, he shall, while submitting the request at the GAC, have his IPR registered at the customs office for protection in accordance with the rules prescribed in Article 8.

Article 16. When the IPR protection measures which the applicant requests do not conform to the rules prescribed in this chapter, the customs office shall turn them down.

Article IV. Investigation and Handling

Article 17. When the customs office, at the request of the IPR proprietor, decides to withhold the suspected infringing goods, it shall prepare a voucher and deliver it to the consignee or consignor, and notify the applicant in writing.

When the consignee or consignor maintains that the goods he imports or exports have not infringed upon the applicant's IPR, he shall, within seven days after receiving the customs office's withholding voucher, provide the customs office a written explanation. If the consignee or consignor fails to do so, the customs office, after investigation, has the right to dispose of the goods in its custody as infringing goods; and if a contest has been submitted, the customs office shall promptly notify the applicant.

Within 15 days after the written notification stated in this article's first paragraph has been delivered, the applicant has the right to submit the infringement dispute to authorities in charge of IPR for handling, or he may file a suit at the people's court.

Article 18. The customs office has the right to withhold imports and exports when it discovers that they are suspected to have infringed upon the rights of goods that have had their IPR registered at the customs office. When the customs office does this, it shall prepare a withholding voucher and deliver it to the consignee and consignor, and also immediately notify the IPR proprietor in writing. Cases of IPR proprietors who submit written requests for IPR protection within three days after being notified shall be handled in accordance with Article 17 of these regulations.

Article 19. When the consignee or consignor maintains that his imports or exports have not infringed upon the

applicant's IPR, he may, after paying the customs office a security deposit equivalent to two times the imports' CIF or the exports' FOB, request the customs office to clear the goods in question.

Article 20. When a customs office withholds the suspected infringing goods in accordance with Articles 17 and 18 of these regulations, it shall, within 15 days after withholding the goods, conduct an investigation of the goods, except for controversial goods that the parties concerned have requested the authorities in charge of IPR to handle or have filed suit in the people's court.

When the customs office suspects that someone has committed a crime, it shall transfer the case to the authorities concerned for investigation.

Article 21. When the customs office investigates the suspected infringing goods that have been withheld, the IPR proprietor shall provide the necessary assistance.

Article 22. The customs office may clear the suspected infringing goods in its custody when the goods are in one of the following situations:

(1) When their suspected infringements have been cleared by an investigation conducted by the customs office or by authorities in charge of IPR;

(2) When the suspected infringements have been cleared by the people's court's ruling or adjudication;

(3) When the parties concerned fail to file suit in the people's court within the prescribed period and the people's court has rejected the handling of the case, or when the people's court has not ruled that the property is entitled to protection; or

(4) When the IPR proprietor fails to respond within the prescribed period, or when he has waived his right to customs office IPR protection.

Article 23. The customs office shall confiscate the goods in its custody after authorities in charge of IPR, the people's court, or the office itself has determined that they have infringed upon IPR.

Article 24. In case of different situations, the customs office shall dispose of the infringing goods according to the following rules:

(1) Destroying those goods which have infringed upon copyrights;

(2) Destroying those goods which have infringed upon proprietary trademarks and the infringing trademarks cannot be removed; removing the trademarks when the infringing trademarks can be removed and the goods in question can be of use; or auctioning off the goods for use by parties that have nothing to do with the

infringement when the goods in question can only be used for public service; or

(3) Disposing of goods other than those mentioned above in accordance with the State Council's relevant regulations.

Article 25. When the decisions made by the customs office or authorities in charge of IPR or the ruling made by the people's court takes effect, the customs office shall refund the security deposit to the party concerned after the following expenses have been deducted from it:

- (1) Storage, maintenance, and disposal fees;
- (2) Compensation to the party concerned to indemnify the damages done to him as result of an inappropriate investigation request.

Article 26. The IPR proprietor and consignee/consignor shall settle the civil disputes between them through judicial measures, arbitration, or other means; the customs office does not handle disputes of this nature.

Article 27. It is IPR proprietor himself, not the customs office, who should be held responsible if the customs office, after accepting the request for granting IPR protection and taking measures for protecting IPR, fails to discover the infringing goods, or fails to take timely protective measures, or has taken improper protective measures as result of the IPR proprietor's failure to provide the pertinent information.

Chapter V. Legal Responsibility

Article 28. Customs may fine the consignor or the consignee a sum of money less than the FOB value of the export goods or the cost, insurance, and freight of the import goods if the consignor or the consignee knows or should know that the export or import goods are an infringement of IPR.

Article 29. Customs may fine the consignor or the consignee a sum of money less than the FOB value of the export goods or the cost, insurance, and freight of the import goods if the consignor or consignee fails to truly declare the IPR status of the import and export goods and to verify the relevant documents.

Article 30. If the party involved does not agree with the fine decision, it may, within 30 days after receiving the fine notification, or within 30 days after notice of the fine decision if issued by Customs when Customs is unable to notify the party involved, submit an application to Customs that makes the decision or to the next higher level Customs for reconsideration. The customs office concerned shall make a reconsideration decision within 90 days after receiving the reconsideration application. If the party involved does not agree with the reconsideration decision, it may file an appeal with a people's court within 30 days after receiving the reconsideration decision.

The party involved may also directly file an appeal with a people's court within 30 days after receiving the fine notification or after the notice on the fine decision is issued by Customs.

Article 31. When importation or exportation of commodities involving an infringement of IPR constitutes a crime, the exporter or importer shall be made accountable for their criminal responsibility according to law.

Article 32. In implementing the protection of IPR, customs personnel shall be made accountable for their criminal responsibility if their abuse of power, deliberate intention to make things difficult for others, dereliction of duty, favoritism, and irregularities constitute a crime, and shall be given administrative punishment if their abuse of power and other irregularities do not constitute a crime.

Chapter VI. Supplementary Articles

Article 33. When articles in personally carried luggage leaving or entering the territory or when mailed articles leaving or entering the territory exceed the reasonable amount for personal use or infringe upon IPR protected by PRC laws and administrative regulations, they shall be regarded as IPR infringing goods and be dealt with according to these Regulations.

Article 34. In protecting IPR, Customs may collect fees for entering a case in the records and other necessary expenses in connection with detainment and handling of IPR infringing goods. Specific procedures shall be drawn up by the PRC GAC in coordination with the State Council's Finance Department and Department in Charge of Prices.

Article 35. Specific provisions for filing an application with Customs for IPR protection and for adopting measures for the protection of IPR by Customs and the relevant form of official documents shall be drawn up by the PRC GAC.

Article 36. These regulations shall take effect on 1 October 1995.

Beijing Makes New Headway in Trademark Protection

*OW1207142795 Beijing XINHUA in English
1322 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — China gave timely protection to registered trademarks in

the first five months of this year by severely cracking down on infringement cases.

Statistics released by the State Administration for Industry and Commerce today show that the country dealt with 8,767 such infringement cases between January and May, with fines topping 21.2 million yuan (about 2.49 million US dollars), and compensation exceeding 8.62 million yuan.

"This achievement is due to the enhancement of trademark legislation enforcement and the improvement of trademark management," an administration spokesman said.

Of the ten major infringement cases announced today, eight involved the protection of foreign trademark holders, it is learned.

Reebok International Ltd of Britain, for example, was compensated to the tune of 150,000 yuan for economic losses caused by the infringement of its Reebok trademark registered in China.

The offender — the Import and Export Company of Shaoxing City, Zhejiang Province — was also fined 20,000 yuan, and counterfeit trademarks on 7,200 pairs of sports shoes were destroyed.

In another case 29 enterprises and individuals in Beijing were fined a total of over 32,800 yuan for selling over 30,000 compact disks with fake "Maxell" trademarks, purporting to be products of the Hitachi Maxell Ltd of Japan.

Other overseas trademark holders who were protected against infringement in the first five months include Besonbar Ltd of Hong Kong, Hugo Boss AG of Germany, the Trek Bicycle Corporation of the US, Tresplain Investments Ltd of the Virgin Islands, Esprit International of the US and Zetron Inc. of the US.

"The overseas trademark holders have all expressed their gratitude for getting timely protection in China," the spokesman said.

*Developing Service Industry Requirements Reviewed

95CE0461A *Beijing GUOJI MAOYI [INTERTRADE]*
in Chinese No. 5, May 95 pp 6-7

[Article by Yu Weixiang (0060 4850 7449), International Trade Institute, Ministry of Foreign Economic Relations and Trade: "Service Industry Essential to Modernizing Economy"]

[FBIS Translated Text] I. Current Situation

China's service trade industry has made considerable headway since reform got under way and the open pol-

icy was introduced. At the exporting end, let us look at project contracting and labor cooperation. Since 1979, the value of foreign labor contracting has been rising at the rate of 15.1 percent each year. As of late 1993, China had entered into more than 40,000 contracts worth a total of \$32.4 billion with 158 nations and regions. The value of transactions completed was \$19.5 billion and a total of 740,000 workers were sent overseas. The expansion of overseas project contracting and labor cooperation has generated foreign exchange earnings for the state, eased unemployment pressure, and stimulated the development of the transportation, insurance, and financial industries as well as other industries that service the export sector. Tourism is the second largest foreign exchange-earning service industry. It generated \$2.247 billion in foreign exchange earnings in 1988. As many as 30 million foreign tourists visited China in 1991, which broke the previous record set in 1988. Tourism has been scaling new heights year after year. Last year China was the destination of 43.685 million tourists, who pumped \$7.323 billion in foreign exchange earnings into China. Revenue generated by domestic tourism amounted to 95 billion yuan. In 1985, China ranked 12th in tourism worldwide. By 1991, it had leapfrogged to the eighth spot. Spectacular progress also has been made in other service industries, such as financial services (including insurance), advertising, consulting, and shipping. By and large, however, China still trails both developed nations and developing nations in service trade. According to statistics from GATT, among the top 40 service trading nations in the world in 1989, China ranked 27th in service exports and 32nd in service imports. As late as 1987, China's private service exports and imports accounted for 0.9 percent and 0.5 percent, respectively, of the world's totals, putting China in the 19th and 20th spots, (the latter dropped to 27th in 1991). In contrast, South Korea accounted for 1.7 percent and 1.1 percent of the world's totals in the same period. Even today, China makes up a mere 1 percent of the world's total service trade. Compared with its merchandise trade, China's service trade clearly is lagging. Between 1982 and 1987, its merchandise exports jumped 10.5 percent each year. Meanwhile, service exports rose just 9.8 percent annually. Moreover, China's service trade has been in the red consistently. In 1993, China ran up a deficit of \$2.42 billion in its recurring-item, nontrade incomes and expenditures account.

The service industry is the very foundation for the development of service trade. Although the entire service industry does not participate in international foreign trade, the level of development of the service industry has a large impact on a nation's service trade. According to statistics released by GATT toward the end of the 1980s, in each of the 134 low-income nations in the world, the

output value of its service industry accounted for 31 percent of its GNP; among the 48 middle-income nations, the ratio was 50 percent; and among the 22 high-income nations, over 60 percent. China's service industry accounts for barely 28 percent of its GNP at the moment, even lower than the average among low-income nations back in the late 1980s.

II. Development Trends

The future of service trade will mostly be determined by the development of the service industry at home. Based on an analysis of the current situation, the service industry in China will enter a phase of rapid growth in the 1990s, primarily as a result of the following factors:

1. To achieve fast economic growth, China must accelerate the development of its service industry.

A survey of the history of economic development around the world shows that the development of the tertiary industry has typically followed this sequential order: 123, 213, 231, and 321. The more economically developed a nation, the higher the added value of its service industry relative to the national economy as a whole. The tertiary industry in developed nations has now reached the 321 stage, its output value accounting for over 60 percent of GNP. In contrast, China's tertiary industry is still in the 213 stage, its output value accounting for less than 30 percent of GNP. The underdevelopment of China's service industry and the fact that it has failed to keep up with the primary and secondary industries is bound to crimp further economic growth severely. The Chinese economy is projected to grow 8 or 9 percent annually on the average during the 1990's. To achieve this goal, we must optimize the industrial structure, raise profitability, and improve product quality first and foremost. Currently, demand outstrips supply in the transportation, energy, and key raw materials industries. There also is a shortage of funds. This is the principal hindrance to fast economic growth. Most service industries consume little energy and are low input and high output. To hasten their development will help lower the energy, materials, and investment elasticity coefficients of the national economy, thus fundamentally altering the structure of economic growth, bringing about low-input and high-output growth, and achieving a better balance among the primary, secondary, and tertiary industries.

2. The accelerated development of the service industry is a precondition for the building of a socialist market economy.

To achieve the goal of reform, which is to build a socialist market economy, it is imperative that the operating mechanism of state enterprises be transformed; and a

good way to do that is to adopt a shareholding system. In addition, it is essential that a market system be created along with a set of social institutions that are compatible with the market system, including a financial system, insurance system, fiscal system, and a new accounting system. The accelerated development of the service industry will directly boost the creation and growth of every segment of the market system. Furthermore, the transformation of the operating mechanism of state enterprises, which will turn them into key participants in market competition, the deepening of the reform of the distribution system, and the reform of the social security system, all require that the development of the service industry be expedited.

3. The broadening of the open policy places new demands on the expedited development of the service industry.

The accelerated development of the service industry will go a long way toward improving both the tangible and the intangible investment climates and establishing an economic and trade system that is consistent with established international practices. This will create a better environment and more favorable conditions for opening China further to the outside world. It will also help bring about a comfortable standard of living for the people and widen the avenues of job creation.

4. Socialist economic modernization requires that the development of the service industry be expedited.

Productivity has shot up in the wake of scientific and technological advances and the extensive adoption of new technologies in electronics, telecommunications, and other areas. This makes it easier to meet the special demands—qualitative, quantitative, and time-related—of both users in the intermediate stages and consumers at the end stages on services. The development of the service industry, therefore, is an objective requirement of modern management in the information age.

In short, there is now a public consensus on the critical and all-embracing importance of developing the service industry. In June 1992, the CPC Central Committee and the State Council issued a decision on accelerating the development of the tertiary industry. In his report to the 14th CPC National Congress, Secretary General Jiang Zemin said that since a booming tertiary industry is the hallmark of a modernizing economy, China must pursue its take-off vigorously. His judgment is a brilliant exposition of an objective trend in socio-economic development in human society and of the changes in the industrial structure. It also sheds light on the role and function of the service industry in a modernizing economy. Because the development of the service industry is held in high regard by both

the CPC Central Committee and the State Council, a string of concrete policies and measures have been introduced designed to achieve that end, setting a new stage for the development of China's service industry. The "Decision of the CPC Central Committee and the State Council on Accelerating the Development of the Tertiary Industry," the key document on this issue, specifies four groups of service industries: 1) industries that require little investment, generate handsome profits within a short period of time, create many jobs, and are closely related to the economic development and the peoples lives; 2) up-and-coming industries that utilize advanced science and technology; 3) tertiary industry in the countryside, primarily industries that service agriculture before, during, and after production. Also in this group are industries that improve peasants quality of life; and 4) basic industries that are the first to impact national economic development in an all-embracing way.

It is the objective of the development of the service industry to gradually create a unified market system, a comprehensive system of urban-rural socialized services, and a social security system, all compatible with a socialist market economy, within 15 years or a little longer.

Set up a nationwide, unified, and open market system. Develop a commodity market, a financial market, a technology market, a real estate market, a labor market, and an information market so that the trading of all capital goods occurs through the market. Put together a comprehensive circulation infrastructure, complete with modern technology and equipment, information systems, and management tools. Use multiple trading methods on the various markets as appropriate. Break down local and departmental barriers and trade monopolies to create a unified mass market that consists of local, regional, and national markets operating at the same time at different levels but all linked to one another so that goods can circulate freely without hindrance. Establish a market order defined by a comprehensive body of universally applicable laws and regulations which promotes fair competition. Create an open market that is integrated with the international market.

Establish a coherent and sound system of socialized services in both urban and rural areas. Develop open, multilevel, and multipurpose social service industries, such as transportation, communications, urban public utilities, education, public health, culture, tourism, science and technology, information, consulting, and comprehensive rural services. Organize comprehensive market intermediaries to offer market services. Gradually commercialize most institutional units and bring them under business management; the idea is to make them capable

of self-development. At present, enterprises, institutions, departments, and organs, are all in an isolated state. That should be brought to a close over time through the socialization of most services related to production or daily living.

Establish a modern social security system consisting of an urban pension system and insurance system under which there is an equitable sharing of the burden among the state, the collective, and the individual, and which covers every worker. Such a modern social security system should also include a collection of rural insurance systems suited to the characteristics of rural China. Develop social welfare and social relief facilities.

The service industry will develop more rapidly than either the primary or the secondary industry in the 1990's. While the GNP is projected to increase 8-9 percent on the average each year, the service industry will grow more than 11 percent. The service industry will account for between 35 and 38 percent of the GNP by the year 2000, a gain of 7 to 10 percent from 1990. It will provide jobs for 30 percent or more of the nation's work force by 2000, 12 percent more than in 1990.

Even as we assiduously develop the service industry at home, it is also the national policy to encourage the expansion of the international operations of enterprises in the service industry. Commercial or materials enterprises that are up to grade would be given decision-making power in importing and exporting. Foreign trade enterprises that are up to grade would be granted domestic sales power so that they can work the domestic and international markets together. Service enterprises that are up to grade will see the extent to which they can directly operate overseas greatly broadened in order to bring production in touch with the market. Information, consulting, project design, and other industries will be encouraged to explore overseas business opportunities aggressively. In short, even as we accelerate the development of the service industry at home, we should take advantage of the opportunity provided by a thriving international service trade to further strengthen international cooperation, accelerate the development of China's service trade, and increase its share of international service trade steadily.

Two Publications Dealing With Trademarks Launched

*OW1207172295 Beijing XINHUA in English
1421 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — China launched two publications dealing with trademarks today as part of its efforts to enhance the protection of intellectual property rights.

The bimonthly "China Trademark" is designed to publicize China's Trademark Law, guide enterprises to use trademarks to protect their products and to create well-known trademarks, and enhance the exchanges between Chinese and foreign trademark circles, according to the publishers — the Trademark Bureau of the State Administration for Industry and Commerce and the China Trademark Association.

The launching of the magazine won congratulations from Song Jian, a Chinese State Councilor, and Arpad Boqsch, director general of the World Intellectual Property Organization.

The State Councilor called the magazine a major event in the country's attempts to protect intellectual property rights, while Boqsch noted that the magazine will be conducive not only to intellectual property rights protection in China but also in the world as a whole.

The other publication, "A Survey of Chinese Trademarks", is a picture album devoted to the history of trademark protection in China.

It traces back this history as far as the Song Dynasty (420-479) while concentrating on the efforts of the past decade.

Mercedes-Benz To Co-Produce Vans in Jiangsu

*OW1207145995 Beijing XINHUA in English
1257 GMT 12 Jul 95*

[FBIS Transcribed Text] Stuttgart, July 12 (XINHUA) — German Auto Giant Mercedes-Benz and a Chinese auto company are to co-produce vans in China, according to a document signed here today.

Mercedes-Benz and China's Yangzhou Factory of Passenger Vehicles in Jiangsu Province signed an agreement on feasibility research concerning the establishment of a joint venture in the name of Yaxing-Benz.

The joint project will involve a total investment of 100 million US dollars, and a planned annual production of 7,000 vans and 12,000 chassis.

Mercedes-Benz and the Chinese company will each fund half of the total investment.

The document was signed when Chinese President Jiang Zemin toured the factory of Mercedes-Benz this morning.

Jiang is currently on a state visit to Germany. He is scheduled to leave here for Bonn later today.

Agriculture

Ministry Official on Environment Draft Plan

*OW1007132495 Beijing XINHUA in English
1231 GMT 10 Jul 95*

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — China has drafted a "Ninth Five-Year Plan" (1996-2000) for protecting the agricultural environment, to ensure the sustained development of agriculture, and rural society and economy.

Interviewed by XINHUA, an official with the Ministry of Agriculture expressed worry about the agricultural environment in the next century.

He said that with the development of the economy and the increase of the Chinese population, the country will face a tighter supply of agricultural resources and more serious agricultural environment pollution.

According to the draft, over the next five years China will make every effort to accelerate its pace of building up a complete legal system concerning agricultural environmental protection and a supervision network in this respect covering the whole country.

Meanwhile, pollution, especially pollution caused by township enterprises, will be curbed and ecological agriculture will be further popularized in the 1996-2000 period.

The official said that in the same period China will promulgate a series of laws and regulations to protect the environment in rural areas, such as regulations on agricultural environmental protection and on township enterprises' duty to protect the environment.

In the draft, the material consumption in the township enterprises is expected to decrease by five percent, and energy consumption by ten percent by the end of this century.

Ecological agriculture is listed as a priority in the draft, the official said. China now has 51 trial ecological agricultural counties. The number is expected to reach 100 by the year 2000, covering cultivated land totalling 14 million ha.

The official said that China has always attached great importance to agricultural environmental protection, though he admitted that the present situation allows of no optimism.

Statistics show that some 10 million ha of cultivated land and 80 percent of rivers and lakes in the country are polluted to various extents.

At the agricultural working conference held at the beginning of this year, Liu Jiang, minister of agriculture,

urged the local government to pay closer attention to the protection of the agricultural environment as well as to the protection of basic farm land.

In the past few years China has worked out a series of laws and regulations related to agricultural environmental protection.

Loans for Agriculture Up 15% in 1st Half

OW1107165695 Beijing XINHUA in English
1526 GMT 11 Jul 95

[FBIS Transcribed Text] Beijing, July 11 (XINHUA) — Loans for agricultural use issued by the Agricultural Bank of China (ABC) reached 54.5 billion yuan in the first half of this year, 15 percent more than that for the same 1994 period.

While controlling the overall credit line, all the ABC's branches have given priority to providing loans for agricultural production, officials with the ABC, said, adding that the net issue in the first six months of this year was 13.3 billion yuan, 20 percent more than in the same 1994 period.

This year the bank plans to increase the amount of agricultural loans by 7.5 billion yuan, which will be distributed among the grain and cotton bases, and the high-efficiency agricultural districts in different provinces.

Meanwhile, a circular issued by the ABC to its branches around the country urges them to help fight floods, support the farmers in their summer harvest work, and offer loans on time in accordance with official policies.

Agricultural Bank Grants \$6.57 Billion in Loans

HK1307060595 Beijing CHINA DAILY in English
12 Jul 95 p 5

[Article by Wu Yunhe: "ABC Loans \$6.5b for Agriculture"]

[FBIS Transcribed Text] The Agricultural Bank of China (ABC), which specializes in rural investment, has granted 54.5 billion yuan (\$6.57 billion) in loans for agricultural development so far this year, an ABC spokeswoman said yesterday.

Despite the government's tight credit policy, the ABC's loans earmarked for agricultural development, have racked up a year-on-year increase of 15 per cent during the first six months, said the spokeswoman, Wang Lingling.

The ABC's outstanding loans, used by individuals and institutions to boost agricultural production, totalled 13.3 billion yuan (\$160 million) during the January-

June period of this year, a rise of 20 per cent over the same period last year, she said.

The ABC has this year undertaken to ensure a progressive increase in the coming year's grain and cotton production.

This task comes in the midst of the bank's State-mandated restructuring to a commercial institution, which entails a delicate balancing of its assets and liabilities, Wang said.

The ABC now shares the burden of agricultural development with the Agricultural Development Bank of China (ADBC).

Wang said the ABC's lending priority has been on agricultural production during the first six months of this year, and will focus its financial power on backing the ADBC in fulfilling State purchases of grain and cotton during the second half of the year.

The ADBC, established last November to administer State policy-oriented lending, is too fledgling a body to make such purchases by itself, bank observers say.

Although policy-oriented lending — with huge investments and slow returns — is considered highly risky, the ABC plans to increase loans designed to set up model counties in grain and cotton production by 7.5 billion yuan (\$903.6 million) this year.

These model grain and cotton-producing counties, which enjoy the government title "Liang Gao, Yi You" — which stands for "high yield, high efficiency and fine quality," — will be the ABC's lending priority.

The ABC's strengthened lending ability comes mainly from an increase of 267.2 billion yuan (\$32.2 billion) in personal savings last year.

Among clients of the ABC's agricultural loans are Heilongjiang, Jilin, Liaoning, Shandong, Hubei, Hunan and Guangdong provinces, as well as Xinjiang Uygur and Inner Mongolia autonomous regions.

Encouraged by the current increase in savings deposits, the ABC plans to increase its agricultural loans by 35 billion yuan (\$4.2 billion) this year.

Agronomists Develop Technique for Potato Planting

OW1307070195 Beijing XINHUA in English
0647 GMT 13 Jul 95

[FBIS Transcribed Text] Tianjin, July 13 (XINHUA) — Chinese agronomists have come up with a technique to grow potatoes quickly and at the same time make them immune to crop-damaging viruses that will soon be made available to major potato-growing countries.

Potatoes are vulnerable to viruses that cause reproductive degeneration, causing huge losses and low yields, according to the agronomists with the Tianjin Agronomy Institute, which developed the new technique.

As the world's second-largest potato producer, with 3 million ha of acreage under cultivation, China has a big financial stake in producing the disease-resistant potatoes.

The new method, developed after years of effort, combines biological and new cultivation techniques and has several advantages over methods currently being used abroad.

It takes an average of 17 weeks to propagate seed potatoes in the United States, while with the new method only 7 weeks are needed.

At the end of last year the technique was patented in the U.S., and the American company International Agronomy has expressed an interest in cooperating with Chinese counterparts on a world-wide promotion.

Fujian Takes Steps To Strengthen Agricultural Work

*OW1207020195 Beijing XINHUA in English
0138 GMT 12 Jul 95*

[FBIS Transcribed Text] Fuzhou, July 12 (XINHUA) — East China's Fujian Province will further strengthen agricultural co-operation with overseas investors.

Fujian has set up 3,355 agricultural joint ventures so far, involving contracted overseas investment of 4.5 billion US dollars, according to provincial officials in charge of agriculture.

More than 1,100 fine agricultural varieties and 4,000 items of advanced equipment have been introduced from more than 40 countries and regions.

All this has enabled the province to build nine kinds of export-oriented bases, including ones for fruits, tea, vegetables, flowers and other agricultural products.

Rural areas of the province exported 3.4 billion US dollars-worth of agricultural products to more than 50 countries and regions all over the world last year.

As one of the first provinces in the country to adopt the reform and opening-up policies, Fujian selected two islands along the coast to deal with agricultural co-operation with overseas investors in 1986.

Three years later it appointed Dongshan County to be an experimental zone for export-oriented agriculture, enjoying preferential policies.

In 1991 Fujian drew up regulations to encourage overseas agricultural investment, authorizing 29 islands along the coast to open up to overseas investors.

In 1993, with the approval of the State Council, the province set up an export-oriented agricultural pilot zone in Zhangzhou, and so did each city establish a few agricultural development zone.

This year Fujian has focused its work on extending its agricultural co-operation scale to include forestry, fisheries and animal husbandry, and improving the agricultural infrastructure to further develop its agricultural resources.

Now, the province is building a center for agricultural co-operation with Taiwan.

Guangdong Officials Expect Good Early Grain Harvest

*OW1207144995 Beijing XINHUA in English
1434 GMT 12 Jul 95*

[FBIS Transcribed Text] Guangzhou, July 12 (XINHUA) — A good harvest of more than 1.45 million hectares of early grain crops is expected this year in south China's Guangdong Province.

According to officials in charge of agriculture, the early grain area, including 1.28 million hectares of early rice, has been increased by 43,000 hectares over the same period of last year.

Officials say that if no natural disaster occurs within the next two weeks the province will reap a good harvest of early grain.

They predict that the total harvest of early grain will reach 7.92 million tons, 700,000 tons more than in the same period of last year, or an increase of 9.7 percent.

Early rice output will reach 7.3 million tons, up ten percent over the same period of last year, or 680,000 tons more.

Guangdong had a good harvest of 810,000 tons of grain in spring, up 18.8 percent over the same period of last year.

Officials say that the late grain area this year will exceed 1.7 million hectares, 1.26 million hectares of which will be late rice.

Heilongjiang Governor on Animal Husbandry

*SK1207073495 Harbin HEILONGJIANG RIBAO
in Chinese 28 Jun 95 p 2*

[FBIS Translated Text] In February of this year, the provincial party committee and government heard the

provincial animal husbandry work report, and emphatically studied and defined the general thinking of developing animal husbandry. The provincial party committee and government unanimously maintained that we should approach from the high plane of developing the economy of the province to understand the important position of animal husbandry; bring natural resources into full play; follow the development path of industrialization; build Heilongjiang into a large animal husbandry province as quickly as possible; build livestock product and feed processing bases; and make animal husbandry become not only a pillar industry for developing the rural economy, but also a dominant industry for making the province strong and the people rich. The goal of building Heilongjiang into a large animal husbandry province, as set forth by the provincial party committee and government, has a profound work foundation and can be achieved through efforts.

1. Building Heilongjiang Into a Large Animal Husbandry Province Is an Important Strategic Choice for Accelerating the Province's Economic Development

Our work in the guidance of ideologies in the foreseeable future is to rely on natural resources; to take the establishment of the animal husbandry-oriented market economy as a core; to take the development of high-yield, good-quality, and high-efficiency animal husbandry as an orientation; to persist in the principle of regional development, large management, scientific breeding, serialized processing, market pioneering, and service guarantee; to accelerate the process of industrialization; and to fight for achieving the goal of building Heilongjiang into a large animal husbandry province.

We should achieve the strategic goal of building Heilongjiang into a large animal husbandry province in two steps. First, by the end of this century, we should establish a basic frame of building a large animal husbandry province. The development targets include: Meat output should reach 1.75 million tonnes, up 61 percent over 1994 and raising the province's position in the entire country from its present 17th place to 12th place. The per capita share of meat should total 45 kilograms, surpassing the national average figure of 37.8 kilograms. Thirty percent of the province's meat and meat products should be sold on domestic and international markets. The output of poultry and eggs should total 730,000 tonnes, increasing 21.4 percent and rising the province's position from its present eighth place to sixth place. The per capita share of poultry and eggs should total 18.7 kilograms, surpassing the national average of 14 kilograms. Fifteen percent of the province's poultry and eggs and poultry and egg products should be sold on

domestic and international markets. Milk output should total 3.5 million tonnes, an increase of 140 percent, continuing to occupy the first place in the entire country. The per capita share of milk should total 88 kilograms, 13 times higher than the national average of 6.2 kilograms. Eighty percent of dairy products should be sold on domestic and international markets. The animal husbandry output value should total 15 billion yuan, up 52 percent, and should strive to register an increase of 700 percent over the 1980 figure. Animal husbandry output value should account for about 35 percent of the total agricultural output value.

Second, by 2010 we should be a large animal husbandry province. Tentative ideas include: Milk output should total 5.5 million tonnes. We should further build Heilongjiang into a major dairy product base for our country. Meat and egg output should total 2.6 million tonnes and 830,000 tonnes, respectively, making the province among the most advanced in the country. The province should noticeably increase its scientific and technological content; generally apply advanced techniques; attain domestically-advanced levels; build a perfect livestock product serialized processing system; do a good job in coordinating with domestic and international markets; and increasingly occupy more domestic and international markets. Meat, eggs, and milk and the foreign marketing rate of their products should account for 50 percent, 20 percent, and 90 percent of their total output, respectively; the total animal husbandry output value should reach 23 billion yuan, accounting for more than 40 percent of the total agricultural output value.

The province has had a solid foundation for accelerating the development of animal husbandry. Since the end of the 1980's, units from top to bottom across the province have made animal husbandry enter a new development period by earnestly implementing the strategic thinking of "bringing along the harmonious development of other undertakings by regarding grains as a mainstay, animal husbandry and township enterprises as pillars, and grains-animal husbandry-enterprises as a trinity." In 1994, the amount of animals and poultry showed a large-scale increase; the output of animal-by products showed a doubled increase; the proportion of output value of animal husbandry in the total agricultural output value rapidly increased; incomes resulting from animal husbandry became the important source of peasants' incomes; and the central axis role played by animal husbandry being a pillar industry initially appeared. The province's annual volume of grains that have been processed into fodder has exceeded 7 billion kg. The volume of added value to these grains consumed by animals has exceeded 2 billion yuan. The annual volume of manure provided by animal husbandry has

reached 90 million tonnes. All of this has promoted the stable increase of grain production. The province has established more than 1,400 industrial enterprises of various categories in charge of processing animal-by-products, which have brought along the development of local industries and township enterprises. Animal husbandry as a whole has become an important growth point in the rural economy and is one of the fastest industries to develop in the national economy as a whole.

The province has had the tremendous potential of accelerating the development of animal husbandry. First, the potential of natural resources; second, the potential of science and technology; and third, the potential of markets. The province's conditions for accelerating the development of animal husbandry have become more ripe. Following the general ideas of economic development defined at the third plenary session of the seventh provincial party committee, units from top to bottom across the province have more clearly understood the significance on the strategy of developing animal husbandry by further emancipating their minds and by reaching a common understanding. All of these have laid a solid ideological and working foundation for building Heilongjiang into a province largely engaging in animal husbandry.

In building Heilongjiang into a province largely engaging in animal husbandry, we should pay attention not only to the many favorable conditions and potential, but also to the practical problems and shortcomings in our work. For example, the overall level of animal husbandry in the province is not high; the gap between animal husbandry conducted by units and that conducted by regions is very large; the work development in this regard is not even; cities and counties that have achieved faster development in animal husbandry only account for about 30 percent; the proportion of animal husbandry output value scored by many cities and counties is still lower than the provincial average level; investments made in the capital construction of animal husbandry are on the lower side; the infrastructure for animal husbandry is weak; the supply of fine strains cannot saturate the demands; the grassland deterioration in west Heilongjiang is serious; technical equipment is simple and crude; the productive methods are backward; the quality of professionals is relatively low; the contradiction of lacking reserve strength in animal husbandry is more prominent; the standardized business in animal husbandry is relatively small; the scientific and technological contents in the province's animal husbandry are not high; the business run by a large number of scattered households and the traditional habit of raising animals have not been thoroughly changed; the opera-

tive mechanism of livestock markets is not perfect; the precise and extensive processing of animal by-products is underdeveloped; and the integration among trade, industry, and agriculture only remains in the starting period. All aforementioned problems are factors restricting the work to build Heilongjiang into a province largely engaging in animal husbandry and there is also considerable arduousness in the work. All of these require us to do the work in a down-to-earth manner, to make full use of the favorable conditions, and to gradually bring about changes to the unfavorable factors so as to expedite the healthy development in building Heilongjiang into a province largely engaging in animal husbandry.

2. In Building Heilongjiang Into a Province Largely Engaging in Animal Husbandry, It Is Necessary To Uphold the Development Road of Industrialization

Industrialization means to proceed from reality in the rural economic systems and the rural economic development and according to regulations and rules of the market economy in organizing all the scattered livestock businesses run by each household. In line with the principle of developing main leading industries and products with competitiveness; and by adopting the methods of having markets bring along leading (processing enterprises), having leading enterprises bring along production bases, and having bases set associations with farm households; it is necessary to establish the systems of "coordinated" production and business with the integration among planting, raising, and processing; among production, supply, and sales; between domestic and foreign trades; among trade, industry, and agriculture; and among the economy, science, and education; as well as necessary to gradually enforce the practice of making regional arrangements, specializing the production, unifying the business, conducting management in an enterprise style, and of carrying out socialized services. We should take industrialization as the major managerial system and operating mechanism to develop Heilongjiang's animal husbandry and build it into a large animal husbandry province. All specific work measures should be drawn up focusing on industrialization.

A. We should greatly develop local markets if we are to actively cultivate and expand the markets in and outside the province and establish a multi-functional and multi-directional market system.

In the principle that whoever makes investment gains the benefits and the principle of developing prior to standardization, we should mobilize forces from all over the society to build markets to establish an animal by-product marketing network that covers the entire province, urban and rural areas. Based on the practice of the past two years, we should introduce to the

entire province the three patterns of integrating companies with peasant households, integrating transport and marketing contingents with peasant households, and integrating animal husbandry service organizations with peasant households to link small-scale production closely to the large market. We should exert great efforts to clear the channels and, except for the purpose of epidemic prevention, erect no check posts or barriers between different localities that block the circulation of animal by-products. We should step up efforts to establish laws and regulations on circulation and mechanisms to ensure circulation, and truly build a provincewide unified large market. We should actively expand domestic and international markets. We should produce good-quality products, carry out the brand-name strategy, take advantage of Heilongjiang's large number of border trade ports to achieve success in exports, continuously expand the share of Heilongjiang's animal by-products in the international market, and expedite the development of export-oriented animal husbandry through the promotion of the market.

B. We should implement the strategy of letting dragon heads take the lead and successfully improve processing enterprises.

We should give full play to the leading role of dragon-head enterprises, which is the key link in the industrialization of animal husbandry. The more intensively animal by-products are processed, and the more varieties, the more they can meet market demand. A considerable number of Heilongjiang's animal by-product processing enterprises are lacking vitality at present. The major contradiction in expediting the industrialization of animal husbandry lies in invigorating the animal by-product processing enterprises. The existing processing enterprises should be improved in a comprehensive manner in line with their different conditions. If their problems lie in systems, their reform of the property rights system should be deepened, and their operating mechanism should be changed. If their problems lie in management, they should intensify efforts to improve their skills and efficiency. If their problems lie in equipment and technology, they should carry out large-scale technical transformation, actively develop new products, and upgrade their scale, ability, and quality. Meeting the demand of domestic and international markets, large and medium-sized cities and key animal husbandry areas should introduce capital from abroad to actively build enterprises engaged in the intensive processing of animal by-products, which start with high standards, apply high technology, and are of an optimal scale, and which produce marketable products compatible with the international requirements, so that they can enter the large domestic and international markets and pull Hei-

longjiang's animal husbandry up to a still higher development level.

The key for dragon-head enterprises to play a leading role is that they should properly adjust the interests to be shared between enterprises and peasants in line with the requirements of the market economy. The major reason for some of our trades to lack vitality in the past was the separation of interests between urban and rural areas. This is a bitter lesson we have learned. To bring into better balance the relations between enterprises and peasants in terms of interests, the central issue is for enterprises to allow peasants to share more profits. Regarding chicken farming households as the first workshops, the Daxing Company in Nehe city helped these households share market risks and make sure that they win steady economic returns, so that the foundation is consolidated and sources of profits are cultivated. Its methods are worth application.

C. We should develop optimal-scale operation and facilitate the progress in regional production.

Developing the optimal-scale operation is an important foundation for achieving industrialization because the scale of operation should be compatible with the entire social and economic development level. In view of the current rather low level in Heilongjiang's animal husbandry development, we should, first, take the road of developing small-scale household production to form a large group and bring up a number of moderately prosperous livestock breeding households. In places where there is a concentration of moderately prosperous livestock farming households, livestock breeding streets, specialized livestock breeding villages, and key livestock breeding towns and townships will emerge, and the fairly great advantage of groups will then take shape. Second, we should develop small animal husbandry zones well. It is easier for small animal husbandry zones to absorb funds from various quarters, to become commodity bases for fairly large-scale batch production, to provide supporting services, and to solve the problem of men and animals living in the same quarters we face in building villages. Localities where conditions permit should all probe and apply this method. When developing small animal husbandry zones, we should take both immediate and long-term interests into account, work out overall plans that also include the construction of small cities and towns as well as new-type villages, and coordinate small animal husbandry development zone construction with the construction of the animal by-product processing and feed production projects, so that when a small animal husbandry zone is built, a standardized animal husbandry production, processing, and marketing base is completed. Third, we should make active efforts to build various types of livestock farms.

Judging from the long-term point of view, this should be the main operating method for animal husbandry development. We should persistently develop the various ownerships simultaneously, continue to encourage rural collectives, enterprises and institutions, and individuals to build livestock farms and guide moderately prosperous livestock breeding households to create the favorable conditions to become household-based farms. We should promote the rational distribution and organization of the essential elements of production and, by using foreign capital, adopting the shareholding system, encouraging the peasant households with funds or technology to cooperate, and employing preferential policies to draw urban people to rural areas, we should make great efforts to build shareholding or cooperative livestock farms, to which the shareholding operating mechanism, scientific breeding methods, and scientific management should be applied, so that good economic efficiency can be achieved. Through the above-mentioned various types of operation, multiform and multi-ownership units can be developed simultaneously.

D. We should adhere to the principle of developing animal husbandry with science and technology and strive to upgrade the productive forces of animal husbandry.

Reliance on scientific and technological advance is the fundamental way for Heilongjiang to change its traditional backward animal husbandry, develop high-yield, good-quality, and high-efficiency animal husbandry, and enhance market competition ability. It is also the content of the endeavor to develop industrialization and build a large animal husbandry province. Over the past few years, notable achievements have been scored in disseminating the technology for the fattening of pigs, for increasing the per-unit yields of cows, for the fattening of beef cattle, for increasing the production of chicken, and for increasing the production of mutton. We should add impetus to disseminating the technology so that it can be applied more extensively. New technology should be adopted to improve the technology in breeding layer and meat chickens; more pigs to which the fattening technology is applied should be produced; breakthroughs should be made in producing high-grade beef while continuing to disseminate the cattle fattening technology; improvement should be achieved in the per-unit yields of cows; and personnel should be organized to breed new mutton goat varieties.

We should adopt various measures to upgrade the technological quality of incumbent technical personnel, greatly train new technical cadres, and publicize scientific livestock breeding technology through radio, television, and newspapers, so that every livestock breeding household will have one person who has mastered scientific livestock breeding technology. At the same time,

we should implement well the green certificate project to enable 100,000 peasants to win the green certificates by the year 2000. This way, a gigantic contingent who can play a backbone role in developing animal husbandry with science and technology, can be trained.

E. We should intensify construction of the animal husbandry service networks to improve socialized service.

We should intensify the construction of the networks for breeding and improving livestock varieties. In line with the requirements of the "regulations on the management of breeding animals and poultry," we should improve the breeding networks at three levels—breeding animal farms, female animal farms, and production farms.

We should intensify the construction of forage grass and feed service networks. In line with the stipulations of the "grassland law," we should do a good job in the protection, utilization, and construction of grassland; improve and build at least 2 million mu of grassland every year; and, by signing long-range grassland contracts or selling waste hills, land, grassland, beaches, and water areas, succeed in the exploitation and utilization of grassland.

We should intensify the construction of epidemic prevention networks. In line with the requirements of the "regulations on the epidemic prevention of animals and poultry," and the "regulations on the management of animal medicines," we should improve epidemic prevention and quarantine networks and adopt advanced epidemic prevention and quarantine measures to reduce the disease and death rates of animals. We should improve and replenish the animal and poultry disease diagnosis centers and animal medicine supervision and monitoring centers at the provincial, prefectural, and county levels, and the quarantine laboratories in key counties and townships, and should strengthen the management of animal medicine plants and markets at all levels.

In addition, we should build the various scientific and technical, information, consulting, purchasing and marketing, legal notarial, and labor arbitration service organizations. We should also bring about expedited development in the industrialization of animal husbandry.

C. Strengthened leadership is a must in building a large animal husbandry province.

Party committees and governments at all levels should list the endeavor of building a large animal husbandry province high on their agenda, pay attention to the major fronts, exercise management of objective, and improve the responsibility system. We should solve the specific problems in our work. All localities should study and draw up plans and measures for development in line with their specific conditions to ensure the realization of the planned targets. Various measures should be adopted

to increase the investment in animal husbandry, and a diversified road for making investment, such as state, collective, and individual investment, shareholding cooperation, and foreign capital promotion, should be blazed.

Governments at all levels should coordinate the efforts of various departments to improve their relations, and planning, finance, banking, and agricultural development department should actively collect funds for the endeavor of building a large animal husbandry province. While paying attention to the reform, technical transformation, and managerial improvement of dragon-head enterprises, light industrial, supply and marketing, and food departments should actively coordinate the relations between production and marketing units and play a good role in the integrated management of foreign trade, industry, and animal husbandry. Foreign trade departments should provide an effective guarantee for opening the international market. Price, industrial and commercial administration, grain, and supplies departments should also provide favorable conditions and services to the endeavor of building a large animal husbandry province.

We should improve our work methods and achieve success in pilot work and demonstration to promote animal husbandry. Through the promotion and radiation of typical examples, animal husbandry should develop in the direction of industrialization.

Jiangsu Expects Good Cotton Crop

OW1107011895 Beijing XINHUA in English
0100 GMT 11 Jul 95

[FBIS Transcribed Text] Nanjing, July 11 (XINHUA) — Cotton production in east China's Jiangsu Province will hopefully surpass last year's level, local officials said.

An agricultural official with the provincial government attributed the optimistic estimate to an expanded growing acreage and a wide usage of a better cotton seed.

He said that the total cotton planting area was increased by more than 13,000 ha to 560,000 ha this year, a second year of expansion for cotton planting area.

Also, a new breed of cotton, which is more productive and resistant to diseases, is planted in 74 percent of the cotton fields this year.

Cotton has flowered and is growing evenly well throughout the province, he said.

Shandong Province Boosts Agricultural Inputs

OW1307025995 Beijing XINHUA in English
0131 GMT 13 Jul 95

[FBIS Transcribed Text] Jinan, July 13 (XINHUA) — The Shandong provincial government tripled its input into agriculture in the first six months of this year, to the tune of 169 million yuan (about 20.3 million U.S. dollars).

Meanwhile, the province's financial units issued agricultural loans totaling 1.91 billion yuan, 660 million yuan more than in the same period of last year.

The increased margin of financial input into the agricultural sector is 2.9 times the province's expenditure on infrastructure, and 10.4 times that on administration.

Situated in the east of China, Shandong ranks as one of the most important grain suppliers in the country.

In the technical promotion of the agricultural sector alone, the province has invested 10 million yuan more so far this year, so that 90 percent of the 617,000 ha of cotton land here is under improved varieties.

Moreover, the province has launched some 68 irrigation works involving 300 million yuan this year, and 27 of them have been completed.

Stimulated by preferential policies and increased loans for agriculture this year, local farmers increased their input into crop raising by 42.9 percent, and into animal husbandry up by 77.7 percent in the January-May period, according to local statistics.

Meanwhile, their input into the fixed agricultural assets increased by 114.4 percent.

Thanks to this abundant financial and material support, the province is expected to reap a bumper harvest of summer grain, hitting a record output of 20.63 billion kg, according to experts here.

The output of cotton, meat, eggs, and diary and aquatic products will register better scores than last year, the experts said.

Central-South Region**Shenzhen Officials Deny Detention of Businessman**

HK1207034995 Hong Kong HONGKONG

STANDARD in English 12 Jul 95 p 2

[By Antoine So and Pamela Pun]

[FBIS Transcribed Text] The mystery deepened yesterday over the disappearance of Kin Son Electronics (Holdings) chairman So Kin-keung after his Chinese partners allegedly said he had not been seen in Shenzhen for months. They even claimed that Mr So was hiding overseas to avoid paying the huge debts he owed them.

The Shenzhen government has denied Hong Kong press reports that Mr So has been arrested by police authorities in the special economic zone. "According to our investigation, the Shenzhen Public Security Bureau did not arrest the man," municipal government spokesman Li Xiaogan said. Asked to confirm a report, carried yesterday by the pro China Hong Kong Commercial Daily [HSIANG KANG SHANG PAO], that Mr So had died in Shenzhen, Mr Li said: "Both the municipal government and the public security bureau could not confirm it."

A partner in the Kin Son Milkyway Co Ltd in Shenzhen, a joint venture with Kin Son Electronics, said — on condition that he not be named — that he last saw Mr So on 9 May this year when he and other partners came to Hong Kong to seek Mr So's advice on unpaid US\$2 million (HK\$15.6 million) loans with the People's Construction Bank of China (PCBC). Early last month, the bank's branch in Shenzhen filed a lawsuit against Mr So with the Futian District People's Court. A hearing was set for 17 July. He said mainland partners had started uncovering the bank debts in early March, when Mr So last appeared in Shenzhen for a board of directors' meeting.

On 4 July, Kin Son Electronics, which is publicly listed on the Stock Exchange of Hong Kong, applied to suspend trading indefinitely. The PCBC had already contacted the exchange to halt other entities from taking over Kin Son Electronics. Yesterday, the head of the exchange's listing division, Herbert Hui, required the firm to explain "as soon as possible" the whereabouts of Mr So and the debt allegation made against the firm.

Shenzhen's Economy Developing 'Rapidly'OW1307031395 Beijing XINHUA in English
0155 GMT 13 Jul 95

[FBIS Transcribed Text] Shenzhen, July 13 (XINHUA) — The Shenzhen Special Economic Zone has become the most vigorous and most rapidly developing hot spot

of China's economy, with annual growth rates of 35.98 percent and 57.49 percent in gross domestic product (GDP) and industrial output respectively over the past 15 years.

Updated statistics show that both GDP and general industrial output in the first half of this year were 32.3 billion yuan and 33 billion yuan, respectively, up 21.2 percent and 20 percent over the same period of last year.

Furthermore, the total volume of imports and exports reached 17.68 billion U.S. dollars-worth, with imports being worth 8.36 billion U.S. dollars and exports 9.72 billion U.S. dollars, increases of 11.1 percent and 27.1 percent, respectively.

An upward trend has been shown in the speedy growth rates of exports, improvement in the foreign trade structure and a conspicuous increase of the trade surplus.

There has been a slowdown in the market price hike rate; general indices of consumer goods and commodities retail prices slumped by 1.2 percent and 2.7 percent, respectively, lower than the average rate for the country as a whole.

Shenzhen's economic prosperity is well reflected in two aspects — the local economy is developing on a healthy track and industrial profits are maintaining a steady increase.

The increase of governmental financial revenues in the first half of the year was well over 26.9 percent more than that of the GDP. In turn, this was 10.5 percent higher than the growth of the incomes of local residents — and this income increase was 12.4 percent up over the average price rise rate.

Moreover, industrial output recorded an increase of 27.9 percent over the same period of last year — up by 29.4 percent in sales revenues and 43.5 percent in total profits, according to statistics covering 1,671 enterprises with independent accounting.

Local analysts credited these successes to the advantages of the socialist market economy, while pinpointing the market-oriented strategy for running enterprises and the effects of macro adjustment conducted by the government.

***1994 Guangxi Autonomous Region Procuratorial Report**95CM0338A Nanning GUANGXI RIBAO in Chinese
12 Feb 95 p 5

[Report by Procurator General Wei Jianeng (7279 1367 5174), Guangxi Autonomous Region, at the Third Session of the Eighth Regional People's Congress

on 19 January 1995: "Work Report by the Guangxi Zhuang Autonomous Region People's Procuratorate (Summary)"

[FBIS Translated Text] In 1994, Guangxi procuratorial organs at all levels worked under the leadership of the Guangxi Party Committee and the Supreme People's Procuratorate, under the oversight of people's congresses at all levels and their standing committees, and with the support of the government, conscientiously implementing the party Central Committee's strategic plans for fighting corruption; keeping all procuratorial actions in line with the work principle of "strict law enforcement with sharp case emphasis"; surmounting all difficulties, displaying the spirit of bitter struggle; emphasizing the disposition of major economic cases, such as embezzlement and bribery; cracking down on serious crime severely and quickly according to law; and intensifying law enforcement oversight, to make considerable achievements in all procuratorial work.

I. We Achieved Considerable Results in Prosecuting Cases of Economic Crime, Including Embezzlement and Bribery

In 1994, Guangxi heard 2,702 cases of economic crime, including embezzlement and bribery, investigating and prosecuting 1,143 cases, up 33.8 percent from 1993. That included 406 cases of embezzlement, 248 of bribery, 279 of the misuse of public funds, and 210 of other economic crimes, such as trademark imitation, tax evasion, tax resistance, and tax fraud. We concluded 1,033 cases, instituted proceedings against 421 defendants in 342 cases, and exempted 536 people from prosecution in 451 cases. And we recouped direct economic losses of 60.89 million yuan, up 26.4 percent from 1993.

1. We prosecuted far more major cases of embezzlement and bribery. We prosecuted 331 cases of embezzlement and bribery involving more than 10,000 yuan each, up 75.1 percent from 1993, or 50.6 percent of all cases of embezzlement and bribery. That included 242 cases involving 10,000 to 50,000 yuan each, 49 cases involving 50,000 to 100,000 yuan each, 32 cases involving 100,000 to 500,000 yuan each, two cases involving 500,000 to 1 million yuan each, and six cases involving over 1 million yuan.

2. We prosecuted major cases of crime by leading cadres and made new breakthroughs on cases that occurred in "four key sectors." We prosecuted 213 economic crimes that occurred in "four key sectors," or 18.6 percent of all cases prosecuted, involving 55 in leading party organs, seven in judicial organs, 48 in administrative enforcement organs, and 103 in the economic management sector. We prosecuted 19 cadres above the county department level, up 58.3 percent from 1993. Those with

the larger impact were a case of joint embezzlement of 1 million yuan by people such as Liu Gongming (now under prosecution), former vice president of the Beihai branch of the Guangxi Regional Construction Bank; a brietaking case involving 450,000 yuan by Liang Zhengju, former deputy director of the Qinzhou Prefecture Township Enterprise Management Bureau; and another brietaking case involving over 660,000 yuan by Lei Derong, former manager of the Nanning Catering Company (now being reprocsecuted).

3. We made new advances in prosecuting new crimes that jeopardize reform measures, such as the forgery, sale, fake submission, and commissioned submission of value-added-tax invoices and the use of fake invoices in tax evasion and fraud. We prosecuted seven cases. The Cenxi County Procuratorate investigated and prosecuted Yang Lijian, director of the Cenxi Civil Administration Cardboard Factory, and Pan Zhenwen and Wei Wenkuang, officials of the Cenxi Bamboo Surround Cassia Bark Factory, for reselling at a profit value-added-tax invoices. Yang Lijian and the other two resold at a profit 18 value-added-tax invoices to the Wuzhou branch of the Guangxi Industrial Chemicals Import Export Corporation and the Fangchenggang District Resource Development Corporation, from which they received over 800,000 yuan in profits. Upon being sold, the invoices were submitted on a host of pretexts in the amount of 61.11 million yuan, causing the state a tax loss of 8.86 million yuan, of which 3.1 million yuan has been recovered.

In prosecuting major cases of economic crime such as embezzlement and bribery, we took the following key steps:

1. We raised our ideological awareness, adhering to the use of Comrade Deng Xiaoping's thinking on "emphasizing both sides firmly" to unify the thoughts and actions of prosecutors and police. In line with the central anticorruption spirit and work plans made by the Guangxi Regional Party Committee and the Supreme People's Procuratorate, leaders at all levels braced up to boldly prosecute major cases. After a telephone conference on 6 June with the central political commissar, procuratorial organs at all levels further improved their work styles and methods, sped up their pace of prosecution. In July alone, Guangxi prosecuted seven major cases, or 87.5 percent of those prosecuted in the first half of 1994. In the two months of September and October, Guangxi People's Courts prosecuted 48 major cases of embezzlement and bribery, up 260 percent from the same period in 1993, including 29 particularly major cases, up 400 percent from same period in 1993.

2. We intensified our investigation and study of new criminal phenomena appearing after reform steps were taken, steadily improving our capability to prosecute in service to economic construction. Procuratorial organs at all levels intensified their investigation and study of the new conditions and features of and countermeasures against economic crime under new conditions, writing a batch of findings reports laying out conditions, providing analyses, and offering countermeasures. The Nanning Procuratorate, upon investigating and analyzing 72 cases of the use of economic contracts to commit fraud, recommended to administrative enforcement sectors ways to reinforce industrial, commercial, auditing, financial sector, and "nominal" unit investigations. The Fangchenggang Procuratorate analyzed 16 cases of embezzlement and bribery that occurred in the Fangchenggang real estate industry and recommended preventive measures to sectors such as land management, to promote sound real estate industry development.

3. With a focus on prosecuting major cases, we intensified our investigative case-breaking and command coordination. While raising their investigative awareness, procuratorial organs at all levels focused their investigative work on collecting evidence, employing investigative strategies and skills, and providing legal investigative means to break many major cases. Aiming at the transregional feature of current major economic crime, the Guangxi Autonomous Regional Procuratorate and all branch and municipal procuratorates promptly dispatched personnel to direct the task of coordination. The Liutie branch procuratorate set up an investigative command center to coordinate investigation of 26 major cases. Nanning procuratorial organs actively aided prosecutors from other provinces in collecting evidence and pursuing and arresting escapees in major cases, for which they received a notice of commendation from the Supreme People's Procuratorate.

4. We intensified our guidance and dealt with problems strictly to ensure case quality. Our procuratorial organs at all levels conscientiously implemented the principles of "firmness, caution, and absolute accuracy," and intensified their study of new economic crime conditions and issues arising out of corporate crime, tax fraud, trademark imitation, and science and technology activity. With regard to complex and difficult cases, the Guangxi Regional Procuratorate and all branch and municipal procuratorates assigned staffers to coordinate investigations or conduct surveys by questionnaire and avoided dealing rashly with criminal cases that were not easy to understand. Procuratorates at all levels, while adhering to case handling methods such as individual examinations, collective discussions, chief prosecutor's decisions, and discussion and decision by procuratorial com-

mittees on complex and difficult cases, combined such methods with realities, and set up and practiced a case responsibility system to raise case handling quality.

5. Chief procurators handled cases personally, thus promoting the prosecution of major cases. In 1994, chief prosecutors at all levels personally organized, commanded, and directly prosecuted 331 major cases of the crimes of embezzlement and bribery. In two major cases in which officials Wu Xushan and Li Kaixiu, former director and deputy director respectively of the Fangchenggang District Land Planning Bureau, embezzled over 2.2 million yuan and Qiu Kunshan, section chief of the Fangchenggang Land Planning Bureau, embezzled 750,000 yuan, Fangchenggang and Fangcheng District Procuratorate chief and deputy prosecutors participated in the prosecutions from start to finish. When the especially important Qinzhou "798" car-smuggling case and the especially important bribery case of Zhang Guosong, former section chief of the Beihai Land Planning Bureau, were tried in court, Qinzhou and Beihai municipal procuratorial leaders personally attended in support of the prosecution. And in four major cases prosecuted by the Guangxi Regional Procuratorate, procuratorial leaders also personally organized the research, planning, and performance of the investigatory work.

6. We intensified our reporting work by broadening case sources. Procuratorial organs throughout Guangxi, while intensifying reporting propaganda and conscientiously emphasizing the handling of and feedback on reported clues, adhered to the chief prosecutor reception-day system and a system of rewarding personnel whose reports were successful. Over 360 chief prosecutors received 10,129 public visits in 1994. All of Guangxi received 5,386 publicly reported clues on economic crime, up 17.4 percent from 1993.

II. We Made New Achievements in Cracking Down on Serious Crimes

In line with central planning by the party Central Committee and the Guangxi Party Committee, in 1994 procuratorial organs throughout Guangxi cracked down on crime more forcefully and adhered to the principle of cracking down severely and quickly according to law to severely crack down on serious crime. We heard cases of 26,927 offenders submitted to us by public security organs for approval to arrest and approved through examination the arrest of 24,403 of these people, which figures were up from 1993 29.2 percent and 30 percent respectively. We heard cases of 24,162 offenders moved for prosecution, of which 20,522 were prosecuted by courts, which figures were up from 1993 23.1 percent and 29.5 percent respectively.

Procuratorial organs at all levels adhered to crackdown priorities, approving the arrests of 6,774 violent criminals of all types and criminal gang members of a syndicate nature, of whom we prosecuted 5,794.

We worked in active coordination with public security organs and the courts in conducting special campaigns, such as the crackdown on "highway robbery" and theft, the investigation and banning of prostitution, the crackdown on drugs and armed criminals, and the "anti-pornography" and "anti-evil" campaigns. We approved the arrests of 2,550 offenders for major cases of theft, 462 for the manufacture and sale of drugs, 107 for the illegal manufacture and sale of guns and ammunition, and 25 for the manufacture and sale of obscene materials, and prosecuted 2,454 offenders for such crimes. Since May, we have approved the arrest and prosecution of a gang of "waterway" hijackers.

III. We Made New Law Enforcement Oversight Advances

In 1994, Guangxi procuratorial organs, while conscientiously emphasizing strict enforcement per se and tightening internal restraints on the direct investigation and prosecution of cases, strictly performed the legal oversight functions granted by the constitution and the law, generally intensifying enforcement oversight. We intensified our investigation and study, clarified the glaring problems of lax enforcement existing in all enforcement links, exercised directed oversight, and preserved the sanctity of the law to effectively promote strict law enforcement by the pertinent sectors.

1. We intensified our investigatory oversight. We strictly performed our legal oversight functions for public security investigations and strictly examined, according to law, cases submitted by public security organs for arrest approval, moves for prosecution, and exemptions from prosecution. According to law, We disapproved the arrests of 1,175 people, refused to prosecute 61 defendants whose cases did not constitute crimes, but pursued, arrested, and prosecuted law 182 offenders that the pertinent sectors had not arrested or prosecuted. As to illegal investigatory actions by public security organs, we made corrections according to law in 149 cases.

2. We intensified our criminal trial oversight. With regard to criminal judgements and rulings that we held to be certainly wrong, we lodged judicial complaints according to legal appeal procedures in 43 cases, reversing nine cases legally according to judicial oversight procedures. With regard to illegal judicial actions by people's courts, we made corrections according to law in 20 cases.

3. We intensified our legal discipline oversight. We investigated and prosecuted 248 cases of violations of legal discipline, up 15.3 percent from 1993. These included five cases of forced confession, 53 of illegal arrest, 51 of dereliction of duty, and 74 of crucial accident negligence. Aimed at Guangxi's 1994 feature of more crucial accident negligence and dereliction of duty cases, our procuratorial organs intensified their prosecution of such cases, using legal weapons to do battle against serious bureaucracy and malfeasance to preserve order in the normal actions of state organs and in economic management.

4. We intensified our oversight of law enforcement in the prison-control and remolding arena. We prosecuted six offenders for five cases of crimes by prison-control and remolding workers. We made corrections in 430 cases of illegal actions in this area. We redressed 1,156 cases of overly long prisoner detentions. We tried 182 defendants in 144 cases of recidivism, prosecuting 166 defendants in 133 cases.

5. We intensified our prosecution of complaints and appeals. We heard 22,179 cases of complaints and appeals and reexamined five appeals involving noncompliance with arrest; 57 appeals involving noncompliance with prosecution exemption decisions, in 10 of which original decisions were changed; and eight criminal appeals involving noncompliance with court judgements, six of which were resubmitted to the courts for retrial according to judicial oversight procedures, with judgements having been amended in two cases.

6. We intensified our legal oversight of civil trials and administrative litigation. We reversed six civil and administrative cases where judgements were obviously wrong and submitted 25 cases to people's courts for amendment.

7. We reinforced our criminal prosecution techniques. We took part in 1,319 on-site investigations, examined 3,607 conclusions, investigated 782 pieces of documented evidence, provided evidence for 3,979 cases, set investigative directions in 270 cases, and redressed 39 formerly conclusive verdicts.

IV. We Further Reinforced Our Prosecutorial Establishment

Guangxi procuratorial organs emphasized the building of their ranks in line with the centrally set "five regulations" on honest administration and self discipline and the Supreme Procuratorate's "two no's," making new advances. Incomplete data show that in 1994, procuratorial police refused over 310,000 yuan in bribes and more than 10,000 yuan in gifts and discounts to intercede in 1,171 cases, and bribes in 662 cases. Faced

with the worst flooding in over a century, Guangxi prosecutors and police responded actively to appeals by party committees and governments, took part in the disaster relief, and donated over 410,000 yuan and a large batch of clothing to the disaster-stricken area, for which 24 units and 160 individuals were commended by party committees and governments at all levels. Quite a number of police, despite their own family livelihood difficulties, used their own and their families' wage income and even borrowed money to pay for case-related trips, thus ensuring the prompt conclusion of major cases. With regard to violations of law and discipline by a few police, we investigated and prosecuted them strictly.

While Guangxi procuratorial work made certain achievements in 1994, certain problems and flaws still exist. These are mainly that the leading comrades of certain procuratorates are afraid to prosecute major cases, enforcement oversight remains a weak link, there is not enough research on crime under new conditions, the level of special work is not up to struggle needs, and many problems still exist in the area of material support such as technical equipment, facilities, and funds. With regard to these problems, in our future work we will take more effective steps to conscientiously solve them.

Hunan Government Holds Emergency Flood Meeting

HK1307065995 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Jul 95

[Report by staff reporter Wang Yunfeng]

[FBIS Translated Excerpt] On the afternoon of 1 July, the provincial government called an emergency flood-control meeting, and set out that the focus of work at present is to exert utmost efforts to protect the lives and safety of flood victims, the safety of large and medium-sized cities, and the safety of key airborne missions.

Since 29 June, there has been heavy rainfall throughout the province. All rivers, as well as the Dongting Lake have been at a high water level, which has continued to rise. The areas of Changde and Yiyang are in danger. Many places in the province have reported an emergency. Some prefectures and cities — including Huaihua, Shaoyang Autonomous County, Yiyang, Zhuzhou, Xiangtan, Hongyang, and Loudi — are seriously affected, of which the most seriously afflicted counties or cities are Mayang, Qianyang, Xupu, Longhui, Lianyuan, Xiangtan, and Liling. The county seats of Mayang, Luxi, and Xinhua have been flooded one after another, with waters up to six meters deep in some places. There have been injuries and deaths among

the victims across the province. In Xupu county alone, the toll was 75, in addition to 15 missing.

To give guidance to various localities to fight the flood and provide relief, 12 leading members of the provincial authorities, including Governor Yang Zhengwu, have already gone down to afflicted areas.

In the wake of the conference's disseminating the conditions of the disastrous flood, and of flood-fighting and relief work, Vice Governor Zhou Shichang and Deputy Commander (Zhu Miaoxing) of the provincial military command, who stayed in Changsha to command the flood-fighting, heard the opinions of meteorological and hydrological experts. According to meteorological and hydrological forecasts, great rainfall will again concentrate in the first 10 days of July, especially in the eastern and northern parts of the province in the next three or four days. Flood peaks will take place continuously in the Dongting Lake areas in the first 10 days of July, and will exceed the water warning level in an overall way.

Vice Governor Zhou Shichang indicated that at present, the flood-control situation is in an emergency, and the situation will worsen further. The leaderships of all departments at provincial level, and of all prefectures, cities and counties must put flood-fighting and relief work above all else, and all localities and departments must subject themselves to unified arrangements. All related departments must immediately inform themselves concerning the afflicted situation in their localities, and must recover projects destroyed by the flood as quickly as possible.

Southwest Region

Internal Trade Minister Tours Sichuan's Suining

HK1207091595 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 3 Jul 95

[FBIS Translated Text] Yesterday, Internal Trade Minister Chen Bangzhu inspected Suining city to provide guidance for its work. Minister Chen Bangzhu and his party inspected Beimen State Granary, Sichuan Exchange City, City Joint Meat Market, and some comprehensive markets in Suining city.

Minister Chen Bangzhu fully affirmed Suining's achievements in grasping finance, trade and economy, and promoting a flourishing economy. He also repeatedly praised the city's good work in storing up grain. He hoped that while carrying out the work of bringing about flourishing markets, Suining city would first invigorate markets, so that markets would support each other and gradually promote a prosperous economy. This would enable Suining to develop into a commercial center, a financial and trade center, and a

collection and distribution center for goods to promote economic development.

Tibet's First LPG Storage Station Opens

*OW1307030095 Beijing XINHUA in English
0135 GMT 13 Jul 95*

[FBIS Transcribed Text] Beijing, July 13 (XINHUA) — Tibet's first liquefied petroleum gas [LPG] storage station in Lhasa, capital city of the autonomous region, went into operation recently, putting an end to the long history of using cow dung and kerosene as fuel.

According to CHINA PETROCHEMICAL NEWS, the newly-established LPG storage station will ensure supplies for residents of Lhasa as well as those in nearby areas.

Located 22 km south of the city, the station, which is 30,000 sq.m. in size, was built with an investment of 53 million yuan (6.31 million U.S. dollars) and is administered by the General Petroleum Corporation of Tibet Autonomous Region.

It has four 400-cu m gas tanks with total gas storage of 800 tons, and annual turnover capacity which is expected to be 15,000 T [unit of measure as received].

According to officials with the Tibet General Petroleum Corporation, the station is equipped with advanced facilities including delivery vehicles, automatic transport system, fire protection system, and gas workshop.

The officials said that the corporation is planning to establish gas-supply stations in other cities and counties near Lhasa.

Article Affirms Stability, Law, Order in Tibet

*95CM0345A Beijing FAZHI RIBAO in Chinese
23 Jun 95 p 1*

[Article by Zhang Xiaodong (1728 2556 2639) and La Ya (2139 7161): "Public Order in Tibet Remains Stable, With Serious Crime Cracked Down on Severely and Leadership Liability for Overall Control Implemented"]

[FBIS Translated Text] While the sharp increase in the floating population, the repeated holding of celebrations on all holidays, and the premeditated sabotage by separatists both in China and abroad have confronted public order in Tibet with severe challenges, Tibetan political and legal organs and the overall control sector have persisted in a severe crackdown on serious crime and done a good job of maintaining overall public order, so that public order throughout the Tibetan Autonomous Region in 1995 has continued to improve steadily.

Their key methods and results are:

They have launched a struggle to crack down severely on serious crime, ensuring public order and a stable situation, to increase the sense of security among all nationalities. In 1994, the whole Tibetan region launched over 20 "severe crackdowns" and special offensives, effectively controlling the rising momentum of all types of crime. Qamdo Prefecture acted in response to the quite glaring crimes of robbery and theft in the three border counties of Markam, Gonjo, and Chagyab in recent years, conducting a special struggle to crackdown mostly on robbery and livestock theft in the winter of 1994, in which it cracked 76 cases of all types, arresting 105 criminals, seizing 1,081 guns of all types, and recouping 205 head of stolen livestock, protecting public life, property, and security forcefully. Lhasa launched a special struggle on 5 June 1995 to crack down on crime, focusing mostly on investigating and cracking particularly serious cases, in which in only six days by 10 June, it had cracked 61 case of all types, including eight particularly serious ones, and seized over 100,000 yuan worth of stolen money and goods, to effectively preserve public stability.

They have maintained strict public control and reinforced security guards to effectively preserve normal public order in cities and towns and ensure that all festivals are observed smoothly. To purify the social atmosphere and reduce the factors that induce crime, in the winter of 1994 and spring of 1995, the whole region conducted an inventory and rectification of sites such as special lines of business and cultural amusement sites, and seized and destroyed 1,179 pieces of gambling and pornographic material, which brought a clear improvement of order to Lhasa public arenas such as Bakuo Street and Zongjiaolukang Park.

The Tibetan Regional Comprehensive Control Department and the Lhasa Municipal Comprehensive Control Commission conducted three months of investigations and probes, clarified the essential situation of Lhasa's transient population by the end of 1994, and prepared a summary of the experiences of the Xingfuxin Village Public Security Committee and the Bakuo Street Police Station in controlling the transient population, which they are now preparing to disseminate throughout Tibet. They have also reinforced public security patrols and rectified the traffic situation to effectively control public order. The Lhasa Bakuo Street Agency and Police Station together have set up within their jurisdiction a 71-member security service corps, which patrols the streets day and night, effectively maintaining public order in that business district and at religious shrines. Lhasa's Beijing-Zhonglu Police Station has recently deployed motor vehicles to form a "mobile police station."

which takes reports from the public at all times to effectively awe criminals.

They have established rules and regulations to implement a leadership liability system for the overall control of public order. To promote the implementation of all comprehensive public security steps, the 10th Standing Committee of the Sixth Tibetan People's Congress in 1994 passed the "Interim Regulations on Comprehensive Control of Public Order in the Tibetan Autonomous Region," with the regional party committee and government also drawing up the "Implementation Details on a Number of Provisions for Pursuing the Leadership Responsibility System for Overall Public Order" and the "Assessment Regulations." Then in September 1994, regional party and government leaders signed responsibility documents with the party and government leaders from the seven prefectures and cities throughout Tibet, with all prefectures and cities signing in turn such letters of responsibility with their subordinate districts and counties by December, to assign the responsibility for "ensuring peace in their areas" to party and government leaders at all levels. Shannan Prefecture drew on the letters of responsibility signed in Shannan County, aiming its actions at the wave of gambling and theft in that county's enterprises and institutions and the prevalence of fighting and feudal superstition, to pursue the five responsibility systems of "work unit responsibility for employees, Communist Youth League responsibility for youth, school responsibility for students, leadership responsibility for priorities, and parental responsibility for children," thus bringing to that county the "six no's" of "no troublesome incidents, no significant criminal cases, no significant economic crime, no major fires or accidents, no repulsive social phenomena, and no crime by cadres and employees."

Earthquake Hits Yunnan-Burmese Border

*OW1207131595 Beijing XINHUA in English
1250 GMT 12 Jul 95*

[FBIS Transcribed Text] Beijing, July 12 (XINHUA) — Two people were killed and 27 others were injured in a

major earthquake that hit the Sino-Myanmar [Burmese] border near Menglian county, in southwest China's Yunnan Province today at 5:46 this morning, local seismologists reported.

The quake with a magnitude of 7.3 on the open-ended Richter Scale hit the area at 5:46 this morning (Beijing time), the seismologists added.

Some houses were damaged or collapsed and the detailed losses is still under investigation, local sources said.

The Yunnan provincial government has allocated 500,000 yuan to aid the rescue work. Goods such as grain and tents are being rushed to the quake-stricken areas.

The Yunnan provincial and state seismology departments have sent people to the areas to help coordinate the rescue work.

The area is located at 22 degrees north latitude and 99.3 degrees east longitude. Today's earthquake was the third in a dozen days. The previous two shocks with magnitudes of 5.5 and 6.2 on the Richter Scale on June 30 and July 10, caused no casualties except some damages to the houses.

The earthquake took place within an earthquake danger zone in the southwestern part of Yunnan. The State Seismological Bureau told local residents to be prepared for a possible disaster.

Commentary Views Taiwan 'Destiny'

*OW1307092695 Beijing XINHUA Domestic Service
in Chinese 0223 GMT 11 Jul 95*

[**"Commentary"** by XINHUA reporter Fan Liqing (5400 7787 7230): "There Should Only Be the Community of National Destiny, No 'Community of Taiwan Destiny.'"]

[FBIS Translated Text] Beijing, 11 Jul (XINHUA) — Of the many arguments in Taiwan for "Taiwan independence" in recent years, the term "community of shared destiny" [ming yun gong tong ti 0730 6663 0364 0681 7555] advertised by "Taiwan independence" advocates is almost identical with the term "community of 20 million people's lives" trumpeted by Li Denghui [Li Teng-hui], both in terms of appearance and real meaning. These two sugar-coated hallucinogenic pills, which have clouded Taiwan countrymen's understanding of "Taiwan independence," must be analyzed.

"Taiwan Independence" Advocates and the Democratic Progressive Party [DPP] Are Building the Basis for "Ethnic Taiwanese" and "Self-Determination by Residents"

The term "community of shared destiny" was presented by such "Taiwan independence" advocates as Peng Mingmin during the eighties. They stated that Taiwanese people were "Chinese people belonging to a specific time and space" and were, what they called, "Taiwan Chinese" who have the "Taiwanese sense" of "identifying themselves with Taiwan, feeling that they are part of Taiwan, and thinking of Taiwan's destiny first in everything they do"; that this "sense of shared destiny" can bring all Taiwan residents together to form a "community of shared destiny"; and that "nothing but this sense of shared destiny makes up the foundation of a national state." Chinese at home and abroad condemned the fallacy of "Taiwan Chinese" being ignorant of their own country's history and a humiliation to their ancestors. During the eighties, "Taiwan independence" advocates turned the spearhead of forming a "community of shared destiny" to "making common efforts to counter communism," saying such things as "when Taiwan is confronted with the Chinese Communist regime's powerful threat and pressure, the Taiwan sense of shared destiny of Taiwan has naturally taken shape among Taiwan residents." However, no matter how they rephrased the term, the "Taiwan independence" advocates' objective was to create an "identity foundation" for what they called "setting the state position where Taiwan is the mainstay." Because of this theory's absurdity, its proponents have become increasingly less vociferous over the past decade or so.

However, after the DPP took over the "Taiwan independence" advocates' legacy, it took advantage of the Taiwan authorities' readiness to connive at and encourage the "Taiwan independence" advocates, and again proposed to "work in unity" with the Kuomintang so as to "make common efforts to counter communism" and establish a "community of shared destiny" in which people share a "common will." Moreover, they wildly proposed that Taiwan's future should be "determined by Taiwan residents themselves." Meanwhile, they started to instill the filth of "Taiwan independence" into the cultural sector, and tried to create an identity foundation for "setting the state position where Taiwan is the mainstay" by advocating the need to establish a culture with "an indigenous field of vision," "to change the viewpoint that Han people are the center," and "to establish the outlook peculiar to the Taiwan nation."

The Taiwan Authorities Have Attempted To Create a "Taiwan-Dominated Civilization"

Over the past several years, Taiwan's leading clique headed by Li Denghui has achieved decisive success in removing the "forces of other provinces" from power, its internal and external policies have started to converge with those of the DPP, and it has set forth these three preconditions for cross-strait relations: the mainland and Taiwan should be "equal political entities," the mainland and Taiwan should "equally enjoy international space," and the mainland should "renounce armed invasion of Taiwan." Internally, Li Denghui has coined the phrase, "community of the lives of 20 million people." As a result of the authorities' deliberate publicity efforts, this familiar phrase has suddenly become very popular in Taiwan again.

What on earth is this "community of lives"? According to the explanations that Li Denghui himself made on various occasions, it has these two meanings: 1) It is a "civilized, prosperous, and affluent society created jointly by Taiwanese people over the past several centuries; and 2) It is a "democratic and free" "big Taiwan" and a "new central plain of Chinese culture" to be built by "people of all groups" in Taiwan.

While Li Denghui's "community of lives" flaunts the banners of "Chinese" and "Chinese culture," it trumpets a "new culture" created by the "Taiwan experience" — a culture in which Taiwan is the center and the standard, which represents the 20 million people in Taiwan, and which conforms to the needs of Taiwanese people; it also exhorts the need "to solidify everybody's efforts and common understanding to create a brand new era of the Republic of China in Taiwan." This shows that the Taiwan authorities have adopted the DPP's proposal of "creating the sense of a Taiwanese nation

and culture," and that, for the sake of consolidating their ruling status and serving their political purpose of maintaining "a divided country with separate rules" on the two sides and making Taiwan a "political entity enjoying independent sovereignty," they have attempted to develop the ideology and concept that the so-called "Taiwan-dominated civilization" is different from and more progressive than the "civilization of the Chinese mainland."

The Chinese Nation Shares an Identical Destiny

The reactionary nature of either the "community of Taiwan's shared destiny" or the "community of the lives of 20 million people" lies in setting Taiwan against China and negating the fact that Taiwan is part of China; the compatriots in Taiwan are members of the Chinese nation's big family; Taiwan's history is part of China's history; and Taiwan's interests constitute part of the Chinese nation's entire interests by one-sidedly stressing the specific characteristics of Taiwan, the Taiwanese, and Taiwan's history. In essence, this is an attempt to imbue the people in Taiwan with the "Taiwan independence" idea asserting that "Taiwan is Taiwan and China is China" and incite the people in Taiwan to confront reunification with a so-called "political entity" in which "sovereignty lies with the people."

Nevertheless, no matter how hard the Taiwan authorities and the "Taiwan independence" elements have been trumpeting, the smug calculations are doomed to come to nothing. It is difficult to shake the idea that the Chinese nation shares the kinship feeling of blood being thicker than water and the "motherland" towers aloft firmly in the hearts of the people in Taiwan. The Japanese colonialists in those years had to admit that "although 40 years have elapsed since the change of subordination [gai li 2395 7152], "it is not easy" for the people in Taiwan "to shake off the feeling of regarding China as the motherland. This is a fact that is hard to deny." Today, in just a short span of seven years or more when nongovernmental exchanges were resumed between the two sides of the strait, more than 7 million compatriots in Taiwan have gone to the mainland of the motherland to visit relatives and friends, seek their family roots, do business, travel, and conduct various forms of exchanges, thus time and again setting off the "craze to visit relatives," the "craze to seek family roots," and the "craze to invest." The demands among the general public for more cross-strait exchanges and closer cross-strait relations and for the opening of "three exchanges" [mail, air and shipping services, and trade] between the two sides of the strait have kept on building up despite the authorities' repeated suppressions. Although the "Taiwan independence" forces have con-

siderably developed on the island as the result of the Taiwan authorities' open connivance, they can hardly, after all, win the recognition of the great majority of people. In China's 5,000 years of history, a conclusion has long been drawn that reunification will benefit and division will harm. The people's destiny is closely bound with the nation's rise and decline. The interests of the people are closely linked with those of the nation. China's reunification, prosperity, and strength and the Chinese nation's comprehensive invigoration are where the common interests of the entire Chinese people, including the compatriots in Taiwan, lie.

Commentary Criticizes Li's Recent Speeches

OW1207142995 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 7 Jul 95

[Commentary by reporter (Liao Xuefang); from the "News and Current Events" program]

[FBIS Translated Text] Listeners, after Mr. Li Denghui [Li Teng-hui] returned to Taiwan from his U.S. visit, he gave several speeches attacking the government of the motherland, saying the government of the motherland's opposition to his separatist activities in the United States showed that the motherland's government lacked modern spirit and was not up to standards. Please listen to the following commentary by station reporter (Liao Xuefang), which is entitled: Mr. Li Denghui Should Be Cautious About His Words and Acts.

What is the purpose of Mr. Li Denghui's U.S. visit? People can see it clearly in his Cornell University speech. As the public opinion shared by many people pointed out, no matter what kind of excuses or explanations Mr. Li Denghui and Taiwan authorities used to explain his U.S. visit, their deliberate plans for increasing their presence in the international community are aimed at creating two Chinas or one China, one Taiwan.

To uphold its stand of persisting in the motherland's unification and safeguarding its territorial integrity, it is normal that the motherland's government reacts to his U.S. visit. The government of the motherland's reaction stems neither from the patriarchal mentality of the great Chinese chauvinism nor is it meant to make things difficult for Taiwan.

I am convinced that after people get over their emotional reactions and calmly give some thought to this issue, they will reach fair conclusions without much difficulty. What people are wondering is how could Mr. Li Denghui make more irrational comments in his recent speeches. For example, he criticized the government of the motherland's opposition to his U.S. visit as a sign showing it lacked modern spirit, saying there is no

new culture in the motherland, and all China can do is display old things left by ancestors like the Great Wall. The government of the motherland's reaction to his U.S. visit is not up to standard.

It is not difficult for smart people to see that Mr. Li Denghui is selling a ridiculous idea, that is, upholding one China policy and opposing splittism go against modern spirit and the motherland government's attacking Taiwan for creating two Chinas or one China, one Taiwan is not very decent. I remember Mr. Li said before that each word of his comments was said after thorough consideration. However, I found Mr. Li's comments actually in need of careful considerations and some of his comments are even not up to standards. No countries in the world would be that modern to allow splitists to do whatever they want to. Mr. Li Denghui's comments are neither suitable for a Chinese nor for a statesman. The so-called new culture he boasted about is actually the disgusted culture of Taiwan independence.

It is said that Mr. Li Denghui's current popularity in Taiwan is on the peak. The more popular he becomes, the more cautious he should be about his words and acts. It is not recommendable to abuse people's trust and deliberately mislead people. Moreover, it is completely wrong to brazenly split the motherland under the pretext

of the people's will. In these years, Mr. Li Denghui and some personages of the Taiwan authorities are deeply trapped in the swamp of Taiwan independence and their words and deeds have made them different from Chinese. Mr. Li Denghui and the Taiwan authorities should change their course and must not indulge in boasting. Boasting will not be favorable for Taiwan residents as well as for Mr. Li Denghui's own image.

In his recent speech, Mr. Li's call on the mainland and Taiwan to avoid quarrels and unhappy incidents sounded very sincere. As a matter of fact, Mr. Li and the Taiwan authorities ought to realize that it is they themselves should be responsible for those quarrels and unhappy incidents.

At present, the key to determining cross-strait relations lies with Mr. Li and the Taiwan authorities and it is up to them to decide where cross-strait relations should go. Nevertheless, we must point out here: If Mr. Li sticks to the modern spirit of splitting the motherland and pays no attention to the motherland's political stand of upholding reunification and opposing splittism, his great expectations of managing a great Taiwan will, without doubt, not materialize.

Spokesman Rebuts Winston Lord's Statement

*OWI307110395 Taipei CNA in English
1012 GMT 13 Jul 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 1 [date as received] (CNA) — Foreign Ministry spokesman Rock Leng Thursday [13 July] refuted a claim by U.S. Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord saying the Republic of China has no intention of developing formal relations with the United States.

"Lord's statement was not true," Leng said. "We can never accept a policy prescribed by foreign officials."

Lord was quoted by foreign wire service reports as saying in a television interview Wednesday that since Taiwan also believes there is only one China, it has no intention to forge formal ties with the U.S.

"We regret Lord has made such an arbitrary interpretation of our 'one China' policy," Leng said.

"Our policy is that China comprises both Taiwan and Mainland China, so the Republic of China on Taiwan should have equal rights to take part in all international organizations and international activities as well as to establish formal diplomatic ties with other countries," Leng explained.

Lord is not entitled to mandate policy for the Republic of China, Leng added.

U.S. House Speaker Newt Gingrich said on the TV talk show "Face the Nation" aired on July 9 that Washington should recognize Taiwan as a free country and tell Beijing it has to live with the reality that the people of Taiwan are free.

Some U.S. congressmen, scholars and media have voiced support for Gingrich's call during the past few days.

Cross-Straits Talks Depend on Sino-U.S. Dialogue

*HK1307052295 Hong Kong LIEN HO PAO
in Chinese 10 Jul 95 p 6*

[Report by reporter Wang Mei-hui (3769 5019 1920): "Koo-Wang Meeting Cannot Possibly Be Held This Year Unless China and the United States Resume Political Dialogue"]

[FBIS Translated Text] According to a source close to mainland organs handling Taiwan affairs, it will be hard to break the deadlock across the straits unless political dialogue between Beijing and the United States is resumed. The relevant authorities on the mainland reckon that there will be no other opportune moment

for the two sides of the straits to hold the second Koo-Wang [Ku-Wang] talks.

According to the source, the reciprocal appointment of special envoys, high-ranking officials, and ambassadors between the China mainland and the United States are the three steps for clearing Sino-U.S. relations as well as an important indicator of the resumption of routine consultations across the straits. The two sides of the straits may resume dialogue only when Beijing dispatches its ambassador to the United States or accepts a new U.S. ambassador.

As an analysis points out, as far as the second Koo-Wang talks are concerned, the Association for Relations Across the Taiwan Strait [ARATS] and the State Council Taiwan Affairs Office had "something hard to disclose." A few days ago, when ARATS sent a letter to the Straits Exchange Foundation to inform the latter of its decision to postpone the Koo-Wang [Ku-Wang] talks and the Chiao-Tang talks, it attributed the postponement only to the present unsuitable atmosphere, saying that the talks should only be held when the right time comes, that the door of consultation is still open, and that there are no ill intentions. As pointed out by the source, by taking this move, ARATS mainly wants to tell its Taiwan counterpart that "it is not the time to discuss cross-straits relations" and that departments handling Taiwan affairs cannot control the timing of developing cross-straits relations.

A source close to the mainland authorities handling Taiwan affairs pointed out: It is because the mainland senior leadership has set an order of priority for handling Sino-U.S. relations and cross-straits relations. For the mainland authorities part, without U.S. President Clinton's approval of Li Teng-hui's U.S. visit, Li Teng-hui would not have made a series of moves to create "two Chinas," and the so-called strained cross-straits relations would not have appeared. In order to guard against a "chain reaction" in which other countries may follow the U.S. example of allowing Taiwan leaders to visit them, the mainland authorities regard the handling of its relations with the United States as a task of top priority.

To handle Sino-U.S. relations, which are at a low ebb, the mainland authorities consider that the first thing is to reciprocally dispatch special envoys to carry out political dialogue and to relax the strained relations, then visits by high-ranking officials should be made on a reciprocal basis so as to clear relations between the two sides, and finally both parties should accept each other's ambassadors, whose vacancies have not been filled yet, so as to normalize relations between them.

13 July 1995

The source pointed out: Originally, this July would have been the best time for the two sides of the straits to hold the second Koo-Wang talks, but it has been missed, and it is estimated that it will be impossible to call the second Koo-Wang talks this year. The source said: The World Women Conference will be hosted by Beijing in August and the UN Conference will be held in September, and the mainland authorities are estimating moves which Taiwan may take. Moreover, the meeting of the Asia-Pacific Economic Cooperation forum, to be held in Osaka, Japan in November, will be another test for the strained relations. Cross-straits relations still look gloomy in the latter half of the year.

Mainland Maritime Police Intercept Fishing Boats

*OW1307063095 Taipei CNA in English
0118 GMT 13 Jul 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, July 12 (CNA) — A Mainland Chinese armed security boat separately intercepted and inspected three Taiwan fishing vessels sailing through the Spratly Islands area on Wednesday, but they were later released with no damage or injuries reported.

The Kaohsiung Fishermen's Radio Station was alerted to the problem at 7:35 A.M., when it received a message from the "Chang Chiang No. 6" as it was returning home from Singapore, saying it had been forcibly boarded by mainland officials that had been trailing it in a security boat. The mainland officials told the crew of the Chang Chiang that they were checking for smugglers.

The mainland security boat, bearing the serial number F4402, then intercepted and inspected two other Kaohsiung fishing vessels sailing through the Spratlys between 8:00 A.M. and 9:00 A.M.

Yeh Fu-ting, secretary-general of the Kaohsiung Fishermen's Association, later alerted other Taiwan ships sailing in the area. The interceptions of the Taiwan boats were the first ever by an armed mainland ship in the Spratlys.

Mainland China claims sovereignty over the Spratlys, which are also wholly or in part claimed by Taiwan, the Philippines, Malaysia, Vietnam, and Brunei.

The Council of Agriculture (COA) confirmed the reports of the interceptions later in the day, but said the reason behind the forced inspections was unclear.

A council official said the COA will propose to the mainland that such disputes be negotiated through the Straits Exchange Foundation (SEF), a semi-official

intermediary body formed to handle private exchanges between the two sides in the absence of official contacts.

A Mainland Affairs Council official remained low-key when asked to comment on the interceptions, simply saying that "they again underscore the necessity of resuming the private bilateral talks that were unilaterally postponed by Beijing."

Beijing last month postponed the high-level and technical talks planned between the SEF and its mainland counterpart, the Association for Relations Across the Taiwan Strait, following the historic visit to the United States by ROC President Li Teng-hui and the trip to Europe by Premier Lien Chan last month. Beijing regarded the visits as part of Taiwan's efforts to push for independence, an accusation that has been denied by Taipei.

Organizations Send Aid to Mainland Flood Victims

OW1207123395 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 11 Jul 95

[From the "News and Current Events" program]

[FBIS Translated Text] Taiwan's Strait Exchange Foundation sent a letter to the Association for Relations Across the Taiwan Strait [ARATS] on 10 July to express concern and sympathy for flood victims along the middle and lower reaches of the Chang Jiang and also to those in southern regions. Taiwan's Red Cross Society and the Association for the Relief of Chinese Refugees recently wired \$200,000 to the Chinese Red Cross Society to help flood victims in southern China. Through ARATS, Taiwan's Association for the Relief of Chinese Refugees donated NT [new Taiwan] \$5 million again on 10 July to the flood victims. It also encouraged nongovernmental organizations to continue donations. Chang Mao-song, general secretary of the Red Cross Society in Taiwan, said on 10 July that since floods hit the southern region in May, that organization has been keeping in contact with the Chinese Red Cross Society. Zeng Baiqiu, vice chairman of the Chinese Red Cross Society, expressed gratitude for the Taiwan people's assistance and briefed the Taiwan Red Cross Society on the situation in some flooded areas on the mainland.

'Renegade' Reference Termed 'Improper'

*OW1207120195 Taipei CNA in English
1038 GMT 12 Jul 95*

[By Ranan Uang and Sofia Wu]

[FBIS Transcribed Text] Jakarta, July 12 (CNA) — It is improper to refer to Taiwan as a rebel or renegade province as the media often does in providing background on their leaders, according to David Y.S. Tou,

information director of the Taipei Economic and Trade Office.

In a letter to the JAKARTA POST Wednesday, Tou pointed out that the People's Republic of China was founded in 1949 after a civil war, and it has not at any time controlled Taiwan.

"Therefore, it is improper to refer to Taiwan as a break-away province. Taiwan, along with Kinmen, Matsu and the Pescadores, is now administered by the Government of the Republic of China [ROC]. The ROC was founded Jan. 1, 1912 after a revolution led by Dr. Sun Yat-sen, who is honored as the republic's founding father," the letter said.

"In the wake of the Chinese civil war in 1949, the ROC moved its seat of government to Taiwan and continued the pursuit of Dr. Sun's goal by building a modern, democratic and equitably prosperous social order," Tou wrote.

"The ROC Government of Taiwan also considers both mainland China and Taiwan as parts of a greater China and feels they should be united as soon as the political gap between the two sides is narrowed so, the most appropriate designation for Taiwan or the time being should be, as I see it, the model province or as yet to be united China."

Legislator Views Pragmatic Diplomacy

*OW1207113295 Taipei CNA in English
1020 GMT 12 Jul 95*

[By Tzo Ming-chih and Danielle Yang]

[FBIS Transcribed Text] Paris, July 12 (CNA) — Cheng Chien-sen, director general of the Kuomintang's [KMT's] Overseas Chinese Affairs Department delivered a speech on the "ROC's Current Pragmatic Policy" at an International Democratic Union (IDU) meeting in France Tuesday.

Chen, who is also a KMT legislator, said at the IDU's Foreign Affairs Committee annual meeting that China is a divided country but most Chinese hope for reunification.

Because of the uncertain ties and method for reunification, Cheng said, the rights and interests of the [number indistinct] million people on Taiwan should be protected and their security has to be guaranteed.

To make best use of Taiwan's limited resources, the government has therefore promoted pragmatic diplomacy to develop the economy and political system so as to earn more room in the international community, the former vice foreign affairs minister noted.

Cheng said Taiwan's open and liberalized economy and democratic political achievements have won world recognition and should not be discriminated against by the international community.

The ruling party in Taiwan has to protect the country's rights and interests internationally or it will not win the approval of its voters, Cheng added.

A total of [number indistinct] reports on Asia-Pacific economic, political and security problems were presented at the meeting. Also present at the IDU meeting were representatives of Britain's Conservative Party and the Republican Party of the United States.

The IDU is composed of 29 political parties from democratic nations.

Board Allows More Imports of Mainland Products

*OW1307065895 Taipei CNA in English
0224 GMT 13 Jul 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — The Board of Foreign Trade (BOFT) on Wednesday [12 July] lifted an import ban on 84 mainland semifinished products, bringing to 2,447 the total number of semifinished items that can now be freely imported into Taiwan.

Among the 84 items are semifinished radiation detectors, softballs, and tennis rackets.

The BOFT will discuss lifting the import ban on 400 other mainland semifinished products during its 36th screening meeting in August.

Wednesday's approval came against the backdrop of soured ties between Taiwan and Mainland China. Beijing suspended the scheduled private talks with Taipei last month following a landmark visit to the United States by ROC President Li Teng-hui for a class reunion at his alma mater, Cornell University, and a trip to Europe by Premier Lien Chan.

MAC Calls For Study of Taiwan-Hong Kong Trade

*OW1307094495 Taipei CNA in English
0858 GMT 13 Jul 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, July 13 (CNA) — The Mainland Affairs Council (MAC) Thursday called on the government to study the Taiwan-Hong Kong trade structure and its impact on the island after the British colony reverts to Communist Chinese rule in 1997.

Taiwan exported U.S.\$8.2 billion worth of goods to Hong Kong during the first four months of this year,

accounting for 23.75 percent of total exports. Taiwan's U.S.\$7.6 billion trade surplus with the British colony is five times greater than its surplus with the United States.

MAC said during a weekly cabinet meeting that Taiwan's close trade relationship with Hong Kong merits further study as the colony plays an important role in indirect trade between Mainland China and Taiwan.

Beginning in March 1995, Taiwan's exports to Hong Kong for the first time surpassed those to the United States, making Hong Kong Taiwan's largest export market, MAC officials said.

Currently, Hong Kong is Taiwan's largest source of trade surplus and the third largest trading partner behind the United States and Japan, the officials pointed out.

Between January and April, Taiwan residents made more than 600,000 visits to Hong Kong and Macau, up 4.13 percent from the year earlier level. Taiwan is also the largest tourist revenue source for Hong Kong and its second largest tourist market, the officials noted.

The officials attributed the rapid increase in trade to Taiwan's lifting of restrictions on the import of some mainland Chinese semi-finished products and stable economic and trade ties with the mainland.

The officials also predicted Taiwan's trade surplus with Mainland China may decrease due to the increasing amount of indirect mainland imports.

However, people should not worry about the rapid trade development, MAC economic affairs department director Fu Tung-cheng said, noting that it is just part of ever-increasing regional trade exchanges.

If the government and private sectors are flexible and energetic in dealing with the situation, there should be no undesirable impact before and after the 1997 deadline, Fu said.

Taiwan Given WTO Observer Status in Jan

OW1207122095 Taipei CNA in English
0953 GMT 12 Jul 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — Taiwan was granted observer status in the World Trade Organization (WTO) in January, Vice Economic Affairs Minister Sheu Ke-sheng said Wednesday.

Sheu made the statement in response to press reports that mainland China became a WTO observer earlier this week.

Both Taiwan and mainland China held observer status in the WTO's precursor — the General Agreement on Tariffs and Trade (GATT).

Taiwan asked WTO authorities to recognize its observer status in January shortly after the WTO superseded the GATT on Jan. 1, 1995, Sheu said, adding the request was quickly approved by WTO authorities.

Mainland China did not complete the status-transfer procedures until early July.

Sheu said a WTO observer can attend WTO-sponsored meetings, but does not have the right to speak at such occasions.

"Obtaining observer status is not expected to help accelerate a country's admission to the organization as claimed by some news media," he explained, adding the key factor lies in a country's market-opening steps as well as its bilateral and multilateral tariff and non-tariff trade talks with WTO members.

Major Hong Kong news media have given prominent coverage to Beijing's WTO observer status, saying it will have a positive effect on Beijing's entry to the world trade regulatory body.

Sheu said he does not agree with the observation. "Beijing's WTO accession still depends on the results of its bilateral and multilateral trade talks with WTO members," he noted.

Taiwan applied to join GATT as a separate customs territory in January 1990 and has completed bilateral tariff concession talks with several countries. As Taiwan has promised to take bold steps to further liberalize its trade regime to meet WTO requirements, it is expected to become a full member before the end of this year.

Foreign Minister Urges Support for WTO Bid

OW1307062695 Taipei CNA in English
0110 GMT 13 Jul 95

[FBIS Transcribed Text] Taipei, July 12 (CNA) — Foreign Affairs Minister Chien Fu on Wednesday urged European countries to support the Republic of China (ROC)'s bid to join the World Trade Organization (WTO) which superseded the General Agreement on Tariffs and Trade on Jan. 1.

Chien made the call while addressing a European Council of Commerce and Trade luncheon reception in Taipei.

He said that Europe as a whole was the ROC's third-largest trading partner in 1994, with two-way trade exceeding US\$28 billion.

With the increasing number of exchanges between high-level government officials from the ROC and Europe, bilateral political, economic, cultural, and technological

ties have improved steadily over the past few years, he said.

Chien added that the visit by Premier Lien Chan to Austria, Hungary, and the Czech Republic last month marked a new chapter in the development of substantive relations with European countries.

He said European countries would benefit from Taiwan's membership in the WTO. "As our trading partners, you will have maximum access to our markets," he told participants at the function.

Chien refuted Beijing's claim that Taiwan can join the WTO only after it does, saying that argument ignores the obvious fact that the ROC has already qualified on its own for membership.

"The applications of the PRC and ROC should be delinked," he said. "Thus, the ROC application should be examined on an equal basis with other applicants, and as soon as we meet all the criteria of the WTO, we should be admitted."

The following is the full text of Chien's speech:

It is an honor and a pleasure to be invited once again to address this distinguished audience of friends and business partners at ECCT. I have great respect for the entrepreneurial talents gathered here today, for it is your initiative and achievements that have contributed to the prosperity of European countries and the Republic of China alike. Through our common determination and concerted efforts, not only we rode the wave of rapid economic expansion in the 1980s, but also we weathered the recessionary slump of the early 1990s. Now, mid-way through the 1990s, we emerge as even closer partners.

As you are aware, the ROC economy had another good year in 1994. Last year, our total external trade posted a record of US\$178 billion. Two-way trade between Europe and the Republic of China exceeded US\$28 billion, a US\$2 billion dollar increase over 1993. Starting 1995 to this past May, we continue to measure steady trade amounting over US\$14 billion. Consequently, Europe is our third trading partner, only after the United States and Japan. The balance of trade in 1993 had reversed to Europe's favor in the amount of US\$614 million, and our deficit with Europe reached US\$3 billion last year. And this trend continues in 1995. In the last two years, Europe and the Republic of China have nurtured our trade and commercial relations resulting in stronger political and cultural ties. Many European nations sent their cabinet-level officials to visit the Republic of China. I see that, through our economic drives and needs, we are also increasing communications. If all elements of

world trade are well-managed and reciprocated, it can give way to furthering global interdependence. The distinctions between private and public sector will diminish while we work toward greater efficiency and use of resources and develop just procedures for a free market regime under GATT and the WTO.

As the world's 13th largest trading country, we can see the merits and advantages of freer trade practices. The principles of multilateralism and free-market economics promise to create a fair and equitable trade regime worldwide. We recognize that, in order to continue to benefit from open markets abroad, we would need to reciprocate on our part. Working with our trading partners will help us tune up our trading practices to match the GATT standards. By lowering tariffs and establishing universal rules of trade, all nations and peoples will benefit.

The Republic of China welcomes this progress and seeks to become intimately involved in its making.

Five years ago, the ROC submitted its application for accession to the General Agreement on Tariffs and Trade (GATT) on January 1, 1990. In September 1992, the GATT council established a working party to examine our application under GATT Article 33 and submit its recommendations to the council of GATT which may include a draft protocol of accession. From 1992 onward, a total of seven working party sessions have taken place; almost 120 rounds of bilateral negotiations between the ROC and 25 contracting parties of GATT have been conducted to formulate an extensive schedule of market access commitments covering trade in goods, agricultural products and services.

Among these bilateral negotiations, there were at least 12 rounds of negotiations held with the European Union, the grouping of Nordic countries and other European countries, although Europe and the ROC have reached several agreements, there are still some issues that require more effort from both sides. Europe and the ROC have shared significant trading relations, making us believe that we can reach a satisfactory outcome soon. Furthermore, the European Parliament in its resolution on "towards a new Asia strategy" report, adopted on June 14 1995, calls on the European Union to initiate constructive discussions with the Asian partners on the structure and working of international organizations such as the UN and the WTO, and supports as well the request of the ROC Government to become a member of the WTO, which will be to the advantage of all other WTO members.

My country has already undertaken various market-opening measures as a result of these negotiations. These measures and reforms represent significant

progress in our trade relations with other GATT/WTO members. In addition to significant tariff reductions and the lifting of import controls, I wish to highlight a few of our other policies, some of which have already been implemented in the spirit of GATT. The government has permitted foreign institutional investors to undertake direct investments in the ROC's stock market. Restrictions of foreign banks operations and foreign exchange controls have also been eased. For intellectual property rights, we revised our copyright law in 1992 to match the Berne Convention's standards. We are also working on extensive amendments to the trademark, patent and fair trade laws to prevent unfair competition and protect well-known foreign trademarks. Many of these policies and reforms aim to upgrade product quality, enhance industrial competitiveness, introduce advanced technology and help form strategic alliances with other companies abroad. These changes are expected to create business opportunities for our trading partners. You will have increased access to the Republic of China's market and easier and more efficient procedures for doing business.

Blocking our accession, however, stands the PRC's staunch position that the Republic of China can join GATT only after the PRC does. The PRC's argument ignores the obvious fact that the ROC qualifies for GATT membership. We are even applying as a developed economy. In accordance with Article 33 of GATT, the ROC Government will represent the customs territory of Taiwan, Penghu, Kinmen and Matsu, a territory which my government exercises full authority over the conduct of its commercial relations. Therefore, the applications of the PRC and ROC should be delinked; that is, applications from the PRC and the ROC should be dealt with as two separate cases. Thus, the ROC application should be examined on an equal basis with other applicants; and as soon as we meet all the criteria of GATT/WTO, we should be admitted to GATT and the WTO.

If the ROC becomes a member of GATT/WTO, it will benefit from the GATT's most-favored-nation principle. The ROC will also have access to GATT/WTO dispute settlement mechanism, a legal channel for disputes settlement that was not available to it elsewhere. Considering that the Republic of China's economy continues to grow rapidly, having the ROC under the umbrella of the GATT/WTO dispute settlement mechanism will be positive for trade. The ROC and all other GATT/WTO members will be protected by international rules and procedures.

European members of GATT/WTO will also benefit from the ROC's membership of GATT/WTO. The Republic of China will be required to follow GATT/WTO principles such as transparency, standstill, MFN, na-

tional treatment, etc.. As our trading partners, you will have maximum access to our markets, especially after the agreements we will have made in the agricultural, services and IPR sectors. You will also benefit from improved non-tariff measures, such as import licensing procedures, customs valuation, antidumping and countervailing practices, that will make business more efficient, transparent and simple. In the end, liberalization of our economies signals to be a good move forward.

The GATT/WTO regime won't only be a good move forward for our economies; it has the potential to deepen international understanding. We have already witnessed how partnerships on many levels have formed between Europe and the ROC. As Mr. Peter D. Sutherland, former director-general of GATT, stated at the ministerial meeting of the Uruguay Round negotiations in April last year, the WTO will start life with a higher political profile and a broader mission in pursuing international economic cooperation than the GATT. On the one hand, the Republic of China is ready to help establish the WTO's procedures and mechanisms. On the other hand, we envision that the WTO's mission will develop a reinforced rapport among nations — economically, politically, and socially.

Please notice the extensive economic and trade reforms the ROC is putting in place to prepare for our accession to the GATT/WTO. We want you to see that we are firmly committed to the goals of increased international trade and investment liberalization and the development of a stronger multilateral system. When we get others' firm support to get past the PRC's unreasonable political stance and when we complete the few negotiations left, I believe that our membership in GATT and the WTO could make significant immediate and long term contributions to the world trade system. The formal recognition of the ROC and the European countries' involvement in the WTO would consolidate our trade and friendship ties as well. Europe will not be shut out from the ROC'S economy nor the dynamics in Asia. As our economies have made it through together in the past 30 years, the ROC looks forward to working with our European business partners toward a new age of trade and interdependence in the 21st century.

Over the past year, we continue to witness a steady improvement of Sino-European bilateral relations, including political, economic, cultural and technological fields. We have seen an increasing number of exchanged visits by high-level government officials between the ROC and Europe. The successful visit undertaken by Premier Lien Chan to the three European countries last month contributed marking a new epoch in developing substantive relations with European countries. Dr. P.K. Chiang, minister of economic affairs, on behalf of

His Excellency President Li Teng-hui, headed a delegation comprising government officials and leaders from the business and financial sectors to attend the annual "Crans Montana Forum" held late last month in Switzerland. They took advantage of this auspicious occasion to explore the ways and means with many European leaders in particular with a view to strengthening the increasing partnership in various fields.

With the accession of the Republic of China to the GATT/WTO, the right of the 21 million people on Taiwan to participate on an equal footing in the international activities will be insured. So we sincerely hope that we can also rely on your support for our bid to the GATT/WTO and, to a large extent, the UN and other international organizations. Sino-European relations would certainly thrive as a result, and world prosperity would be enhanced.

Thank you very much.

Council Chairman Departs for Indonesia

*OW1307063495 Taipei CNA in English
0215 GMT 13 Jul 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — Council of Agriculture Chairman Sun Ming-hsien, at the head of a semi-official delegation, left for Indonesia on Wednesday for a weeklong visit.

Speaking before his departure at Chiang Kai-shek International Airport, Sun said his visit aims to widen bilateral agricultural development and promote the government's "go south" investment policy.

The Indonesian Government has expressed strong willingness to boost agricultural cooperation with Taiwan, and has often praised the performance of the Taiwan agricultural missions that have been stationed in northeast and central Java for 20 years.

Sun said he will also explore the feasibility of Taiwan industries' investing in Indonesia's food-processing and aquaculture industries.

During his stay, Sun will meet with his Indonesian counterpart as well as with the state ministers for national development planning and for research and technology. Sun may also call on Indonesian President Suharto in private.

Members of Sun's delegation include high-ranking officials from both state-run and private enterprises, including the Taiwan Sugar Corp. and President Enterprises.

Minister To Visit Poland, Czech Republic

*OW1307063895 Taipei CNA in English
0221 GMT 13 Jul 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — ROC Economic Affairs Minister P.K. Chiang said Wednesday that the ministry will send advance parties to Poland and the Czech Republic next month to pave the way for a large-scale delegation to visit the two nations in October.

Chiang said the October trip is aimed at upgrading substantive relations between Taiwan and Central Europe and tapping the potentially lucrative market in that region. The delegation, to be led by Chiang, will include government officials and business executives.

Chiang said that during the October trip, he would try to sign temporary-admission-of-goods, double-taxation-avoidance, and investment-guarantee agreements with the two countries to better protect the rights of Taiwan businesspeople there.

Chiang also said that with the solid development of the Czech Republic's industrial structure, the government would encourage Taiwan manufacturers to set up warehouses there. It also wants to push Taiwan enterprises to form strategic alliances with their counterparts in the Czech Republic so the two countries can share technology and boost bilateral trade.

To collect more information for the October trip, Chiang has instructed the advance parties to explore the possibility of cooperation with the two countries in trade, investment, technology, and procurement, and to screen possible joint-venture partners.

Chiang's visit will follow premier Lien Chan's trip to the Czech Republic in June. Lien also visited Austria and Hungary during the trip.

Taiwan Plays Pioneering Role in Regional Economy

*OW1207132295 Taipei CNA in English
1024 GMT 12 Jul 95*

[By M.J. Tzou and Sofia Wu]

[FBIS Transcribed Text] Paris, July 11 (CNA) — Taiwan has played a leading role in promoting economic integration in the Asia-Pacific, a senior Republic of China [ROC] official said here Tuesday [12 July].

Speaking at an OECD seminar on regional economic integration in the Asia-Pacific, Europe and the Americas, Lin Yu-fu, director-general of the ROC's Board

of Foreign Trade, said Taiwan entrepreneurs have been very active in the Asia-Pacific region.

During the past decade Lin said, Taiwan businessmen have pumped billions of dollars into mainland China, Vietnam, Malaysia, Thailand, the Philippines, and Indonesia for various investment projects.

In addition to setting up hundred of production lines in the region, Lin said, Taiwan entrepreneurs have helped train a large of number of technicians skilled labor and management personnel.

"All such activities have helped buoy external trade in those countries, including intra-regional trade, which has in turn boosted regional economic integration," Lin said, adding Taiwan entrepreneurs deserve world recognition for their contribution to Asia-Pacific regional economic integration.

Lin further said Taiwan has accelerated economic liberalization and internationalization in line with world market trends. "We firmly support free trade and look forward to developing trade and economic ties with as many countries as possible."

To promote regional economic integration, Lin said, Taiwan has decided to develop itself into an Asia-Pacific manufacturing, transshipment and financial service center.

During the two-day seminar, the participants also acknowledged the natural and peaceful economic integration among the three Chinese societies of Taiwan, Hong Kong and mainland China in recent years. Ung Yun-wing, a Hong Kong scholar, said that through trade, investment and division of labor, the three economies have gradually integrated, despite their ideological and political differences.

"Such integration is expected to contribute to regional peace and prosperity," Sung added.

The just-concluded OECD seminar provided a forum for advanced and newly industrialized countries to discuss trade and economic issues of mutual concern.

This was the first informal dialogue between the 25 OECD members and newly industrializing non-OECD economies so far this year.

Taiwan attended the meeting under the name "Chinese Taipei" because of pressure from some pro-Beijing OECD members.

Other non-OECD economies present at the seminar included South Korea, Hong Kong, Singapore, Thailand, Malaysia, Indonesia, Brazil, Chile and Argentina.

The Paris-based Organization for Economic Cooperation and Development groups the world's 25 most

advanced economies, including the United States, Japan, France, Germany, Britain, Canada, Australia, new Zealand, Belgium, Finland, Norway, Denmark and Sweden.

Minister Instructs Agencies To Lower Deficit

OW1307063395 *Taipei CNA in English*
0211 GMT 13 Jul 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — Economic Affairs Minister P.K. Chiang on Wednesday instructed relevant government agencies to speed up their pace in drawing up an "urgent export-exploration package" aimed at correcting Taiwan's towering trade deficit with Japan.

Chiang also said that the Board of Foreign Trade (BOFT) and industrial development bureau should further strengthen cooperation with the private sector and help it set up a marketing company to boost Taiwan exports to Japan. A robust yen coupled with an economic downturn in Japan provide a good chance for Taiwan industries to do business with their Japanese counterparts, he pointed out.

According to a BOFT report, the continued appreciation of the Japanese yen since 1985 not only has caused a slowdown in foreign investment in Japan and a mass hollowing-out of Japanese industries, but also has pushed up the unemployment and inflation rates there.

BOFT officials, citing a Japanese economic survey, said 14 percent of Japanese manufacturers have discontinued business over the past four years, with total output and number of employed workers in the sector dropping 13 percent and 12 percent, respectively, during the same four-year period.

Under pressure from the strong Japanese yen, Japanese businesses have been forced to increase purchases abroad and change their operational structures in order to reduce their costs, the officials noted — a situation they said lends itself to Taiwan industries crashing the Japanese market.

Taiwan posted a trade deficit of US\$14.6 billion with Japan in 1994, and the figure is expected to increase to US\$15 billion this year, the officials said.

Conference With Philippines To Open 17 Jul

OW1307065695 *Taipei CNA in English*
0239 GMT 13 Jul 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — The Fourth ROC-Philippines ministerial-level economic-

cooperation conference will be held here beginning Monday, the Ministry of Economic Affairs said.

ROC Economic Affairs Minister P.K. Chiang and his Philippine counterpart, Rizalino Navarro, will lead delegations to the meeting on behalf of their respective governments, officials of the ministry's International Cooperation Department noted.

During the three days of meetings, ROC and Philippine officials will hold panel discussions on labor issues and bilateral cooperation in trade and commerce, investment, tourism, and agriculture, according to the officials.

The participants will also discuss signing temporary-admission-of-goods and double-taxation-avoidance agreements, opening express mail services, and entering into food-processing joint ventures, they noted. Ways of helping Taiwan investors acquire land in the Philippines will also be studied, as will a new system governing Philippine workers in Taiwan.

As the Asia-Pacific economic cooperation conference will hold a summit meeting in the Philippines next year, next week's conference will pave the way for the two countries to exchange opinions on a wide range of economic issues, they said.

Trade Meeting With SRV To Open in Late Jul

*OW1307063295 Taipei CNA in English
0135 GMT 13 Jul 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 12 (CNA) — ROC Economic Affairs Minister P.K. Chiang will lead a delegation to Vietnam to take part in the second ministerial-level trade-consultation meeting between the two countries on July 27 in Hanoi.

Chiang said that although Taiwan has become the top investor in the Indochinese country, pumping in US\$2.59 billion so far, Taiwan businesses still encounter difficulties there. Among the topics to be discussed at the meeting will be land-acquisition issues, ways to simplify investment-application procedures, the possibility of Taiwan banks setting up branches in Vietnam and Taiwan businesspeople setting up Chinese-language schools, and ways to help the state-owned Taiwan Sugar Corp. invest in hog farms.

The ministry will also seek to sign agreements to avoid double taxation and on temporary admission of goods with Vietnam. Taiwan has already signed an investment guarantee agreement and a tax agreement with Vietnam.

The ministry is also expected to propose the opening of international packet switched data network between Tai-

wan and Vietnam, the reducing long-distance telephone rates between the two countries and increasing aquaculture and chicken-raising cooperation programs, and will invite Vietnam to take part in a training program offered by the International Economic Cooperation and Development Fund (IECDF).

The IECDF was founded in 1988 to help friendly nations with technical assistance and low-interest loans.

Chiang, who is expected to arrive in Hanoi on July 26, will also meet with Taiwan businessmen in Ho Chi Minh City and Hanoi.

***KMT Said Taking Action Against China New Party**

95CM0315A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 1 Apr 95 No 420, pp 16-17

[Article by Yang Holun (2799 0735 0243): "The General Political Strategy Department Launches an Active and Secret Plan To Fully Surround and Stop the China New Party"]

[FBIS Translated Excerpt] The "China New Party [CNP] effect" in the coming year-end elections is being treated by all in the Koumintang (KMT) as a harbinger of possible bad things to come. The Defense Ministry's General Political Strategy Department [GPSD], to keep the CNP effect from proliferating in the coming year-end legislative elections, is going to secretly check the political stands and political party support of over 1,000 rural dependent village households; and then enter this information on computer disks for classification and reporting, and as documentary grounds for mobilization.

As this move is so controversial, and in apprehension of possibly touching off a mighty uproar, the GPSD has ordered that its operations be kept secret, and required its coordinating intermediate "contacts" to undergo "loyalty assessments" before being assigned missions. It has particularly ordered that military telephones be used to prevent wiretapping or recording by civilian telephones, which is an even more unprecedented security step.

These special operations, in which the goals, processes, and names will all be concealed, are to be transmitted in the form of high command lecture and telephone records, so as not to leave any specific public records. As to centralized operations, it has been ordered that they be transmitted strictly through hand copies and as much as possible by word of mouth.

The mission is named, "A National Investigation of the Basic Data on the Political Party Leanings of All Service Arm Dependents," and includes five major parts with 10 detailed rules and regulations:

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1. The object of the checks includes all dependent villages and military households with ties to the Defense Ministry's GPSD and Joint Service Command; the scattered dependents both within and outside of military camps that the huang fu-hsing [yellow revival 7806 1788 5281] system might mobilize; and the new village and Women's Federation officers quarters of all service arms. Moreover, it mandates no duplication of the data of other systems (such as local or any party ministries).

2. The uniform computerized form includes spouse's full name, census registration address, residence card name (spouse check order), number of dependents (by adults and nonadults), and a classification (A, B, C, or D).

Classification A is the KMT code name, B stands for the CNP, C for the DPP, and D for nonparty members of uncertain status or with CPC leanings. That has the operators saying somewhat wryly that "this shows that the KMT is more afraid of the CNP than the CPC!" They explain that while military files still have name listings of "those with Communist ideas or stands," they are no longer a concern; the rapidly growing number of CNP members is a concern.

And to prevent the corrupt practice of overlapping of Huang Fu-hsing party membership with that of local and all party ministries, this check requires that all details, such as census registration and neighbors, be filled in clearly, including the names of intermediate contacts, in order to prevent stepping over lines and facilitate post-election liability jurisdiction.

3. While the inventory of dependents' political party stands needs to be flexible, the inventory pages have no seams, to prevent falsification, fabrication, or change. Once the detailed list is created for each dependent, it will be entered in computer files, delivered to all military commands before 1 July 1995, and classified level by level into a report by the Defense Ministry before 1 August.

It is also provided that if former spouses have died or been divorced, their names are still to be filled in, with all data on registered addresses filled in clearly, and even residence names and spouse check order dates not to be omitted.

Adult dependents refer to adult dependents who will be 20 years old before 1 July 1995 (with the right to vote); the classification item (political party leanings) totals are required to coincide with spouse and adult dependent figures.

All implementation units must set inventory progress goals based on the numbers of listed dependents; and must complete not less than 25 percent a month, with the

whole process to be completed in four months. Before the 25th of each month, they must submit sectional rolls to the ministry, with the dependents villages as the units but no supplementary disks. Only after the whole process is completed and checked will the inventory be computerized and reported up.

4. The inventory process will require strict observance of classified operation provisions and implementation skills. The dependent village contacts in charge of co-ordinating operations and autonomous congress cadres must undergo meticulous assessments and be judged reliable before being assigned missions. There will be no actions that disclose secrets or touch off reactions.

5. All section priority coordinators and investigators will use military telephones, and avoid the use of civilian telephones as much as possible to prevent monitoring or recording.

Providing the implementation staffs with oral instructions is to prevent monitoring or recording, and is aimed mainly at CNP and Democratic Progressive Party figures, in order to keep the KMT's "political enemies" from spying out its secrets. [passage omitted]

*KMT Non-Mainstream Forces Building Up Strength

95CM0312A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 15 Apr 95 No 422, pp 13-17

[Article by Chen Chien-hsun (7115 1696 0534): "Non-Mainstream Forces Gather To Fight Back; Alarm Sounds Again for Political Strife"]

[FBIS Translated Text] On 5 April this year, the 20th anniversary of the death of Chiang Kai-shek, a group of his loyal followers felt that they could in no way give allegiance to the present leader. They gathered at the Chiang Kai-shek Memorial Hall Square and shouted such caustic remarks as "Li Teng-hui, the traitor" and "down with Li Teng-hui."

Earlier that morning, Chiang Wei-kuo, son of Chiang Kai-shek, attended a "symposium in commemoration of the 20th anniversary of the passing of the revered former President Chiang" at the Chungshan Club of the Combined Services Force co-sponsored by the "China Strategy Association" and "The Association of Chinese Youth Army Veterans." As the chairman of the symposium, Chiang Wei-kuo told an anecdote about his father in concluding his speech. He said that since his childhood until he grew up, he had often heard his father yell "ah, ah" when his father stayed alone in the room. Amid such yelling, Chiang Wei-kuo continued, his father's feeling calmed down through self-cultivation.

All at a sudden, he shouted "ah" to mimic his father's yell, startling all those—mostly over 60—present on the occasion. Chiang Wei-kuo himself appeared overcome with emotion. He sobbingly made some more remarks before he returned to calmness.

All speakers at that symposium talked seriously about how Chiang Kai-shek had been slandered in these years. In fact, when they said that Chiang Kai-shek should have been respected in such and such a way, they implied more or less their dissatisfaction with the present ruling authorities. For instance, one speaker showed a newspaper clipping which stated that a foreign scholar listed eight "tyrannical killers" in world history, including Chiang Kai-shek. "It is quite beyond our expectation that this kind of material was not screened out by the Government Information Office," he commented.

The most direct comment was given by one of the speakers making introductory remarks at the symposium, Feng Hu-hsiang, secretary general of the "New Tung Meng Hui" [New Revolutionary Alliance]. Though all he said was centered on "the revered Chiang," his remark was, in reality, a thorough criticism of Li Teng-hui. He said: "It is most unforgivable that the ruling authorities have allowed those people to openly slander the revered Chiang." "Li Teng-hui's development of the greater Taiwan is basically the development of a greater independent Taiwan."

When the symposium was in session, the central administration, too, was holding a commemorative ceremony in the Chiang Kai-shek Memorial Hall, which was presided over by Li Teng-hui. Chiang Wei-kuo did not attend this ceremony. He drove to the Chiang Kai-shek Memorial Hall well after the conclusion of the central administration's ceremony. At that time, the square in front of the Chiang Kai-shek Memorial Hall was filled with New Party supporters. It was a scene of New Party flags, dotted by a few flags of the New Tung Meng Hui. Prior to Chiang Wei-kuo's arrival, Hao Po-tsun and Liang Su-yung, both senior advisors to the president, and Hsu Li-nung, lifetime volunteer worker for the New Party, had made speeches to the crowd.

Ever since Chiang Wei-kuo entered the "Grand Justice Gate," people had shouted to him: "General Wei-kuo, come on!" "General Wei-kuo, I missed you." "Long live the Republic of China!" Some old people stood at attention and saluted him when he passed by. Some were moved to tears. More people thronged near the steps at the entrance of the memorial hall, and this was also where the scene was most emotional. With his aides opening the way, Chiang Wei-kuo went through the crowd and mounted the temporary platform on the

top of the steps, when shouts of "come on" and "down with Li Teng-hui" burst out from the crowd.

At this time, Chiang Wei-kuo's feeling ran high. He took over the microphone from the master of ceremonies and said: "All those Chinese who do not recognize China [Republic of China] but want to establish another country on our land are the targets we should aim at." These words were responded to by cheers and applause from the crowd. "We must preserve our territory and sovereignty and implement the Three Principles of the People," he went on to say, "so that our revered former president will feel as if we were always by his side."

After addressing the crowd, Chiang Wei-kuo walked into the hall to pay respects to Chiang Kai-shek's bronze statue. A large number of people also came into the hall. At that time, an Armenian folk dance ensemble was in the hall on a sightseeing visit. Seeing the excited scene, the ensemble members were quite at a loss. Chiang Wei-kuo talked briefly with them in Russian and then made three bows to his father's statue while someone chanted "first bow—second bow—third bow." Following the bows, he knelt down to kowtow. When making the third kowtow, he prostrated himself and wept. After he was propped up by someone, he said to the statue while still weeping: "We will not fall short of your expectations." He said this twice and then shouted: "Long live the Republic of China." The excited scene came to an end as he was escorted by his aides to the VIP room in the hall.

As a matter of fact, since Chiang Kai-shek passed away, commemorative ceremonies or other activities like discussion meetings have been held every year on 5 April. But never before had there been such an excited scene as this year. This was mainly due to an article published by Chiang Wei-kuo before 5 April this year. The article, entitled "What Course the Orthodox Kuomintang [KMT] Should Follow," questioned in a rather strong tone the stance taken by the KMT leadership with Li Teng-hui as the head. In this article, Chiang Wei-kuo referred to the present KMT as a "two-year-old party" and described his so-called "fifth" and "sixth generations of the KMT" (the latter means the New Party) as the "orthodox KMT." He said: "Only by thoroughly integrating its fifth and sixth generations can the KMT summon Dr. Sun Yat-sen's followers on the mainland and form the seventh generation to rebuild a democratic, united new China with all its people living in peace and sharing benefits." This article, waving an anti-Li Teng-hui banner within the party, enabled him to draw special attention this year.

As far as we know, this article, for the most part, repeated what Chiang Wei-kuo had usually said to

others. Some people believe that the article was written by Feng Hu-hsiang and printed by the New Tung Meng Hui. Then, it was reprinted in the commemorative publication widely distributed at the 5 April mass rally. Yet according to Feng Hu-hsiang, the article was written by Chiang Wei-kuo himself.

No matter who the writer was, Chiang Wei-kuo's personal performance and his article were only one of the series of actions recently taken by KMT non-mainstream forces to directly challenge the leadership headed by Li Teng-hui. From the days when members of the "Federation of Central Military and Police Academies" protested against Li Teng-hui on the party-property issue after the conclusion of a session of the KMT Central Standing Committee, Li Teng-hui has once again become a target of attack by the non-mainstream forces.

An imminent pressure on Li Teng-hui is that a "Chinese KMT Salvation and Reform Committee" will be founded on 11 April. The convener of the new committee will be Sun An-ti, a member of the KMT Central Committee. The deputy conveners will be Taipei City Councilor Li Ching-an, scholars Chou Yu-shan and Chu Chao-hsiang, and Taiwan Provincial Assemblyman Chou Hsi-wei.

The idea of forming such a committee was put forth by Legislator Wei Yung as early as last year after the provincial governor and city mayor elections. He also discussed this with the KMT's prime-of-life generation. However, it was not until last month that relatively active steps were taken in this respect. With regard to the KMT's nominee for next year's presidential election, Sun An-ti said, though Li Teng-hui has so far said nothing, "the situation is quite clear" from his image-boosting trip to the Middle East and the recent activities of the National Assembly Work Committee. This situation gives some people within the KMT a strong feeling of crisis, he added.

Sun An-ti pointed out that they will take more and more action in the future, saying that "how to create the KMT candidate for the presidential election will, of course, be the focal point." According to him, they will unequivocally demand that the presidential nominee be elected directly by all members of the party, and prior to the election of the nominee, their work is to seek support from party members from the grass roots to the highest level. He revealed that a "Party Salvation Declaration" drafted by Chou Yu-shan has now been endorsed by more than 7,000 party members. "Even some senior officials on the mainstream side have expressed support for the declaration; some have sent us fax messages to show their support."

Of course, the work of seeking such support becomes harder when it comes to party members at the higher level. Among the principal responsible persons of the non-mainstream forces, Sun An-ti is known for his fairly good relations with other party members. He also has more resources to exploit because of his position as a KMT Central Committee member. For this reason, he is doing most of the public relations work. It has been learned that party veterans like Chiang Wei-kuo, Liang Su-yung, and Chao Yao-tung are likely to become supporters. They even have planned to seek support from Li Yuan-tsui because they think that, among the four vice chairmen of the party, Hao Po-tsui and Lin Yang-kang are no doubt on their side, and Lien Chan is not likely to support them. This leaves Li Yuan-tsui as the only one they should try to win over. So far, however, they have not found an appropriate channel to contact Li Yuan-tsui despite their repeated efforts.

In the "Party Salvation Declaration," the "Party Salvation and Reform Committee" makes four appeals. One is the restoration of the intraparty supervisory system and the installation of central supervisory members. In fact, this is directed at the party property issue. With regard to party work, the declaration holds that all suggestions, personnel affairs, finances, as well as rewards and penalties should be dealt with openly. As to the democratic system within the party, it demands the end of the present state of affairs where the Central Standing Committee alone has the say. It also states that all those who claim to be "orthodox and loyal" party members should register and return to the ranks.

According to Chu Chao-hsiang, one of the deputy conveners, at present the progress of their work depends on how much initial support they can get from party members. As a first step, the main task is to have the "Party Salvation Declaration" issued. Then they hope to form an action committee as a foundation. At the very beginning they consulted with Hao Po-tsui about their reform proposal, and the latter expressed support, said Chu Chao-hsiang, who will also be the deputy executive of the "Wang Yang-ming Foundation" which Hao Po-tsui is going to set up. As to the relationship between the "Wang Yang-ming Foundation" and the "Party Salvation and Reform Committee," Chu Chao-hsiang himself thinks that with the help of the foundation, perhaps the committee will be better able to summon party members to the reform cause, and it can also benefit from the foundation's administrative resources. At the present stage, he said, the foundation can serve as a contact point for party members who wish to affix their signatures to the "Party Salvation Declaration." However, he stressed that this is merely his personal

idea and he has not discussed this matter with Hao Po-tsun.

Besides a "reform committee" to be formed mainly by scholars and parliamentarians, the New Tung Meng Hui will also play a significant role in the forthcoming struggle. As Feng Hu-hsiang said, in the future, after the conclusion of each session of the Central Standing Committee, "there will be no lack of people" gathering outside party headquarters, and "their number will be ever increasing."

On 2 April, for example, City Councilor Li Cheng-long, a member of the New Party who had just joined the New Tung Meng Hui, gathered a number of people through the Hsin Szu Wei Broadcasting Station. They set out for Li Teng-hui's native place, Sanchih Village, but before arriving there, they were stopped by four vehicles of riot police. The police tried to dissuade them from entering the village. After failing to do so, the police pretended to lead them in, but actually escorted them to Paishawan. This matter has become a joke.

It is rather noteworthy that the New Tung Meng Hui now has a four-hour program every evening except Sundays in the AM broadcast of the Taiwan Broadcasting Company. The program, anchored in turn by Feng Hu-hsiang, Feng Ting-kuo, and Chiu I, has a strong color of opposing and criticizing Li. Meanwhile, the New Tung Meng Hui is planning to establish an FM radio station, tentatively called "Hsin Ching Tien" [New Blue Sky], which will broadcast for two hours every evening. It has also filed an application with the Government Information Office for the establishment of another radio station called "Hsin Hsi Wang" [New Hope], which will add a new tool to its electronic media. In addition to the above, it has a one-hour "national affairs commentary" program in the "Kuo Wei" Cable TV everyday except Sundays.

In the New Tung Meng Hui, besides the KMT members who account for the majority, there are quite a number of New Party members. The New Tung Meng Hui stresses that, as a supra-party organization, it will integrate with different parties and will by no means place itself above the New Party. An example cited by this organization is that it played an influential role at the Huang Fu-hsing Party Headquarters during last year's election in Taipei. As far as we know, however, different opinions exist within the New Party as to the relations between that party and the New Tung Meng Hui.

According to those New Party members taking a rather friendly stance toward the New Tung Meng Hui, the alliance between the two is an act of "allying with a friendly army." This, they say, will definitely have a positive effect on winning votes in the election. Further,

they cite Chiang Wei-kuo's "orthodox-KMT theory," which stresses that problems can be solved by the integration of the KMT's "fifth" and "sixth generations." On the other hand, however, those New Party members who are not so friendly toward the New Tung Meng Hui do not deem it appropriate for their party, noted for its fresh and rational image, to get too close to the New Tung Meng Hui, which gives the public the impression of being an "ultra-rightist" organization. What is more, some New Party members believe that the New Tung Meng Hui will contend with the New Party for votes in the Legislative Yuan election to be held at the end of this year.

Whatever the opinion is and whether they claim to be a "patriotic organization" or a "party salvation organization," they will cooperate to a certain extent at the present stage under the common goal of "opposing Li." Most of their responsible persons have admitted that the Second Plenary Session of the 14th KMT Central Committee, which will nominate the party's presidential candidate, will be an important "target" to which their attention should be directed.

Commenting on the action taken by these people within the party, Liang Su-yung, senior advisor to the president, said that it is most important to see if they are doing well. He said on 5 April at the Chiang Kai-shek Memorial Hall that "I felt sad, too," when I heard some people utter "Li Teng-hui, the traitor." However, he added: "Li Teng-hui refrains from saying that he does not want to continue as president. And he has never clarified the remark he made to Shiba Ryotaro. That remark was really terrible." In the main, Liang Su-yung said, this is "a struggle between different lines." "We don't know what he is going to do, and we don't feel that we can trust him."

Further, Liang Su-yung pointed out that the one who holds the rein should be responsible for our party's future. He said: You always talk about unity, but "when you are holding power and have pushed aside all others, what unity can be spoken of?" According to Liang Su-yung, the events that have happened recently were all done by the young and middle-aged generations. Some of their forerunners know this and let them do as they like. Their actions, he added, "were, of course, planned in advance." "Because you have plans to suppress others, of course, the others should think of some ways to respond."

On the first day after his return from the not-so-satisfactory Middle East trip, Li Teng-hui was faced with such strife from the opposition forces—strife with a "Boxers-like psychology." His feelings can be imagined. Judging from the current trend of development, this kind

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of irritation with Li Teng-hui will not diminish, but will keep increasing in the days to come. But whether the

opposition forces will have any real effect in Taiwan's society remains a question.

Hong Kong**Jiang Zemin Expresses Confidence in Future**

*OW1207231695 Beijing XINHUA in English
1729 GMT 12 Jul 95*

[FBIS Transcribed Text] Budapest, July 11 (XINHUA) — Chinese President Jiang Zemin today expressed his belief that Hong Kong and Macao will retain long-term prosperity and stability in the future.

In an interview with a Hungarian Television reporter, Jiang said that according to the principle of "one country, two systems" as initiated by senior leader Deng Xiaoping, the mainland of China will continue to practice socialism while in Hong Kong and Macao, after they return to China, capitalism will be kept.

He noted that the principle has become one of China's basic policies.

In the future when Taiwan is reunited with the motherland "we can apply this principle to Taiwan as well," Jiang said.

With respect to Hong Kong and Macao, China has enacted the basic laws for the two special administrative regions, which means the principle of "one country, two systems" has been fixed in the form of law.

When China resumes the exercise of sovereignty over Hong Kong and Macao, the capitalist system as well as the way of living in the two areas will remain unchanged, and the existing laws in the two regions will remain basically unchanged, he said.

In this sense, he noted, "after we resume our exercise of sovereignty over those areas, we are confident that the two areas will retain long-term prosperity and stability."

Jiang concluded his visit to Hungary and began a state visit to Germany on Tuesday.

Editorial Views Restoration of U.S.-SRV Ties

HK1307035095 Hong Kong SOUTH CHINA MORNING POST in English 13 Jul 95 p 20

[Editorial: "Ties With No Strings"]

[FBIS Transcribed Text] President Bill Clinton's restoration of full diplomatic relations with Vietnam is a long overdue step that deserves to be judged on its own merits, rather than dragged into the increasingly bitter war of words between the United States and China.

Despite officially welcoming Mr Clinton's decision, Beijing undoubtedly harbours deep suspicions of the motives behind it. Conspiracy theories come cheap in Zhongnanhai, especially when Washington is involved.

Many in the Chinese leadership are sure to fear that the normalisation of ties was a calculated attempt to play them off against Vietnam.

Unfortunately, the timing of the announcement will reinforce rather than allay such concerns, coinciding as it does not just with the row over human rights activist Harry Wu Hongda's detention but also with Hanoi's accession to the Association of Southeast Asian Nations, which can now be expected to support Vietnam over the disputed Spratly Islands.

Taiwan's warm welcoming of the restoration of relations, as a step which helps strengthen their business position as the largest foreign investor in Vietnam, will only add to China's concern.

Worse still, some in the Clinton administration have sought to defuse domestic opposition from war veterans by unattributably telling U.S. journalists that the move is partly in response to Mr Wu's detention. One Republican Senator even welcomed the announcement as a calculated attempt to undermine Chinese influence in Southeast Asia.

Such suggestions are a recipe for trouble, almost on a par with House Speaker Newt Gingrich's inflammatory call for immediate recognition of Taiwan.

More responsible officials would be wise to distance the Clinton administration from them, as Secretary for State Warren Christopher has already tried to do, by stressing that the normalisation of ties is not directed against any other country in the region.

Mr Clinton's announcement should be universally welcomed not only for the hopes it raises of ending decades of bitterness between the U.S. and one of the region's most populous nations, but also as a welcome sign of the importance Washington attaches to engagement with the Asia-Pacific. It would be a tragedy were it to become needlessly mired in the controversy surrounding relations with Beijing. Those who, intentionally or otherwise, muddy the water by needlessly linking the two issues are doing no service to anyone, and should be told to keep quiet.

Governor Survives Legco Confidence Vote

HK1307035195 Hong Kong SOUTH CHINA MORNING POST in English 13 Jul 95 p 1

[By Chris Yeung and No Kwai-Yan]

[FBIS Transcribed Text] The Governor, Chris Patten, last night survived a vote of no confidence on the Court of Final Appeal [CFA] agreement with China, with legislators voting 35-17 against a motion sponsored by the Democratic Party. After three hours of debate,

members rejected the Democrats' accusation that the Government had seriously damaged the future rule of law in Hong Kong and that the Legislative Council [Legco] should express no confidence in Mr Patten.

Although the vote has no constitutional significance since Mr Patten answers to the British Government and not to the council, defeat would have been a major embarrassment for the first Governor in 150 years of British rule to face a no-confidence motion.

While a spokesman for Mr Patten said they were pleased at the outcome of the debate, he said they were more concerned with the vote later this month to enact the CFA Bill. "This is so vital to Hong Kong and to the confidence of the world's investors in our future," he said.

The Democratic Party, once Mr Patten's closest allies in Legco, proposed the motion to demonstrate its fury over last month's Sino-British CFA deal, which was reached behind closed doors. They argued that the British had kowtowed to Chinese demands and jeopardised the rule of law by agreeing to a court with powers too watered down to guarantee judicial freedom after the handover.

Chief Secretary Anson Chan Fang On-sang, who led the debate for the Government, claimed the defeat was recognition of lawmakers' belief in the Patten-led administration's work in safeguarding the rule of law and Hong Kong's way of life.

Although disappointed, Democratic Party chairman Martin Lee Chu-ming claimed success in showing Hong Kong people how Mr Patten had betrayed the rule of law. He maintained the Governor was giving a vote of no confidence to his own political blueprint because of his lack of trust towards the new legislature. The only reason Mr Patten was so hasty in pushing for the CFA Bill was his fears that it might be rejected by the new Legco, Mr Lee said.

The motion was moved by Cheung Man-kwong. Only 21 members spoke, including two ex-officio members. Most of the independents and appointed members, who kept silent, voted against the motion. Anna Wu Hung-yuk, Christine Loh Kung-wai, Hui Yin-fat and Frederick Fung Kin-kee abstained.

Proposing the motion, Mr Cheung said the CFA deal meant the "downfall of the rule of law in Hong Kong" and that Mr Patten had played a "key role in the betrayal". He pointed to the Governor's concessions to China over the CFA deal relating to its timing, the "acts of state provisions", and recognition of the status of the Preliminary Working Committee. The no-confidence vote, Mr Cheung said, represented the most severe

punishment against the Governor under the present constitutional framework.

Mr Lee said Mr Patten had "failed miserably" in his record of defence of the rule of law. "Governor Patten has now retreated from principle to pretence in the name of pragmatism, turning the promise of the Joint Declaration on its head," he said. "Now that he has backed away from his responsibilities, it is our responsibility to call world attention to his abdication of duty."

Mrs Chan warned that the vote, if passed, would damage foreign investors' confidence in Hong Kong. "If our legislature declares that this council has lost confidence in Hong Kong's future, can we expect the world's traders to continue to regard Hong Kong as the premier business location in the Asia region?" she asked. "If business is adversely affected it is the ordinary men and women of Hong Kong who will suffer."

Further Reportage on Anson Chan's Beijing Trip

Legislators Dissatisfied

HK1307055495 Hong Kong HONGKONG STANDARD in English 13 Jul 95 p 4

[By Frances Wu]

[FBIS Transcribed Text] Legislators are dissatisfied that Chief Secretary Anson Chan Fang On-sang has not been more forthcoming about her Beijing visit and has chosen to remain silent in the face of their questions.

During yesterday's legislative council meeting, Mrs Chan made a formal statement to the Legislative Council for the first time since her visit which was exclusively reported by The Hongkong Standard. When legislators asked for more details about her trip, Mrs Chan looked rather apathetic and ignored some of the questions. Mrs Chan chose to answer only three of the seven questions, but her answers merely reiterated points made in her statement.

Legislative Council president Sir John Swaine used article 20 of the Standing Orders of the Legislative Council to bar some probing questions by legislators. The article gave the Chief Secretary the right not to answer the question. Article 20 states that "no debate may arise on" a statement made by ex-officio members.

Legislator Frederick Fung Kin-kee complained that Mrs Chan had given only a limited account of her trip, and had not answered the questions which most concerned the public. "The significance of the statement by Mrs Chan is that this is no more than just a report on her visit to Beijing," Mr Fung said. The two questions asked

by Mr Fung but not answered concerned whether civil servants could participate in the Preparatory Committee in 1996, and if a meeting between the Governor and Chinese officials was imminent.

Legislator Emily Lau Wai-hing said legislators did not know any more from the statement made by Mrs Chan. "I hope the government can take an open attitude and let legislators and the public know more about the visit, especially the arrangement for the transition in 1997," Ms Lau said. "The meeting between the Chief Secretary and Chinese officials was so long that I don't believe there was just a few minutes statement for us."

During question time, Ms Lau asked Mrs Chan if she had reminded the Chinese officials that all civil servants could transit after 1997 under article 100 of the Basic Law. Mrs Chan replied: "We discussed in general the establishment of the Preparatory Committee, the nomination and selection of the Chief Executive (designate) and his responsibility for nominating the principle officials. "We did not go into details except to the extent that has been stated in my statement."

Democratic Party legislator Fred Li Wah-ming said he would follow up his question concerning why the visit had to be made in secret in the question and answer session with the Governor today. Mr Li's question was not answered either.

In her statement, Mrs Chan repeated the points she had mentioned before, such as the issue of the transition of civil servants, the Preparatory Committee and the selection of the Chief Executive and his team. Mrs Chan said she expected to see more high-level visits to China in the future. "Now that the ice has been broken, I certainly hope there will be more visits to China, both at my level and at the level of other senior officials," she said.

No 'Secret Deals'

HK1307035295 Hong Kong SOUTH CHINA MORNING POST in English 13 Jul 95 p 4

[By Fung Kai-wong, Catherine Ng, Chris Yeung, No Kwai-Yan, and Louis Won]

[FBIS Transcribed Text] Chief Secretary Anson Chan Fang On-sang maintained yesterday that she had not reached any secret deals with China during her unannounced visit to Beijing a fortnight ago. In a special briefing, Mrs Chan said her meetings with Vice-Premier Qian Qichen and the Director of the Hong Kong and Macao Affairs Office, Lu Ping, were not negotiating sessions. "The sole purpose of this visit was to provide an opportunity for us to get to know each other better and to open up a channel of communication to enhance

contact between the two sides. Now that the ice has been broken, I certainly hope there will be more visits to China, both at my level and at the level of policy secretaries and other senior officials, and that such visits will be announced in the usual way," Mrs Chan said. She also told legislators that her visit was not so surprising since she had made public her wish to meet Mr Lu when she returned from leave in June, following the failure to arrange a meeting during his visit to Hong Kong and Macao in May.

Mrs Chan's unpublicised visit to Beijing from June 30 to July 2 had drawn criticism from legislators, who were disappointed yesterday when three of six questions raised were ruled out of order by the Legislative Council's President, Sir John Swaine. Questions such as whether secrecy was a precondition for the invitation and whether the Legislative Council's role was mentioned in discussions were disallowed. Sir John said only short questions for the purpose of elucidating Mrs Chan's statement were allowed under standing orders.

Democratic Party legislator Fred Li Wah-ming said the party was disappointed Mrs Chan had failed to clear up all the doubts surrounding her trip because questions had been disallowed. The party will question the Governor on the visit during today's question time.

Another legislator Frederick Fung Kin-kee, of the Association for Democracy and People's Livelihood, said the briefing had been of little use.

Mrs Chan said she discussed only in general terms the transition of the civil service, and how the Hong Kong Government could cooperate with the Preparatory Committee and the future chief executive. "We did not go into detail on these subjects," the Chief Secretary said, "and how to co-operate with the Preparatory Committee will be dealt with through formal channels between the two sides." Mrs Chan said although she and Mr Lu agreed to meet regularly, they had not worked out how often and where the meetings would take place.

Commentary on PRC's WTO Observer Status

Editorial Views Status

HK1307035495 Hong Kong SOUTH CHINA MORNING POST in English 13 Jul 95 p 20

[Editorial: "China's WTO Trade-Off"]

[FBIS Transcribed Text] The decision by the World Trade Organisation (WTO) to award China observer status is a belated recognition of the obvious: that when a country of 1.2 billion people turns international trader, it cannot be excluded for long from trade policy forums. A nation with an overall import and export volume in

the region of US\$110 billion in the first five months of 1995 — and a surplus of over US\$10 billion for the same period — is too big and too influential to ignore. Observer status, therefore, is designed to do more than just give face to Beijing and encourage it to make further concessions to enter the WTO as a full voting member. It ensures that China takes full part in discussions on new resolutions and participates fully in all WTO meetings, although it will not have a vote.

From the point of view of the United States, the timing of the decision is unfortunate. Washington has led the push to force China into greater trade concessions. It has not always had the full support of other WTO members in this, although the European Union and the rest of the developed world would also benefit from many of the concessions demanded by the U.S.. To some extent this is because even the Europeans believe the U.S. is demanding too much, although the suspicion remains that they are hiding behind the Americans. But at a time when Washington's relations with Beijing are at their lowest since 1989, the WTO General Council's move seems to demonstrate a lack of Western solidarity. It will certainly be taken in Beijing as a signal that the U.S. will have to soften its demands.

Nevertheless, statements by China's deputy permanent representative in Geneva, Tang Yufeng, suggest that China also knows it will have to negotiate seriously. Observer status is a token of the international community's willingness to see China enter the world trade watchdog at the earliest opportunity: it is not a sign that Beijing will be made a full member without concessions.

More on Status

HK1307060095 Hong Kong EASTERN EXPRESS
in English 13 Jul 95 p 14

[Editorial: "WTO Finally Does the Inevitable"]

[FBIS Transcribed Text] The decision to award China observer status in the World Trade Organisation (WTO) can hardly be considered a total surprise. Nevertheless, the suddenness of the announcement seemed to catch many people unawares. The reality, however, is that the move itself represents nothing more than an extension of the mainland's observer status in the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT). From this point of view, the most surprising thing about the decision is that it took so long.

Forty-five of the WTO's 100 or so members voted to allow China back into the world trade fold — albeit without voting rights. The announcement followed a meeting of the WTO's General Council, which includes representatives from all its member states. One notable

member — the United States — did not vote in favour. Again, this is of little surprise given the often acrimonious debate between the two nations over the classification of China as a developing/developed country.

Beijing had hoped that negotiations for it to become a full member of GATT would be completed in the Uruguay round — of which it was a full participant — which concluded at the end of last year. This would have implied automatic full membership to the WTO, which came into being on January 1 this year. However, some member nations — again, most notably the U.S. — refused to endorse full Chinese membership on the grounds that the country's markets were still too closed.

The U.S. has attempted to block China's admission to the WTO and Gatt every step of the way. First, there was the circus surrounding the granting of most favoured nation status — which only abated when the U.S. President Bill Clinton de-linked the issue of human rights from trade.

The latest round of negotiations for China to enter the WTO commenced in May. While the debate over China's full membership will undoubtedly continue for some time, Hong Kong can be happy that at least China is now sitting at the table. China will now be able to take part in the decision-making process on issues such as the movement of temporary labour abroad, financial services, telecommunications and the environment. After nine years of negotiating to secure its return to the world trade body, China must have a lot to say.

Hong Kong's permanent representative on the WTO, Stuart Harbinson, pointed out that China had been notable by its absence from the WTO. Indeed! How can you discount a market of over 1 billion people, and one of the fastest growing economies in the world?

Although the mainland still has a long way to go in terms of opening its markets and introducing appropriate trade laws, it is on the right path. The good news is that the opening of China's markets will foster even more trade and investment, which will have positive knock-on effects for Hong Kong's economy.

Editorial on Full Membership

HK1307060295 Hong Kong HONGKONG
STANDARD in English 13 Jul 95 p 14

[Editorial: "China Must Not Be Left Out in the Cold for Long"]

[FBIS Transcribed Text] On the surface, it might seem like a consolation prize — an innovative approach to the seemingly intractable "China problem" devised

with diplomatic skill and finesse by the ruling General Council of the World Trade Organisation (WTO). But it is a mistake to adopt such a negative and dismissive attitude toward the decision to admit China to the WTO as an observer. We believe it is a logical, timely and welcome step.

Although it is true Beijing will not have a vote at the WTO, China is now such a big economic power its influence will surely be felt. Some analysts have likened China's situation to an associate member of an exclusive club — one who can visit the premises but cannot use the facilities. But there is a major difference: An associate member can never become a full member of the club. And China will eventually become a full member of the WTO.

We hope Beijing will not have to remain an observer for very long; it deserves to be a full member. If Western countries expect it to abide by the rules of the game they must bring it in as a full member. China will have a chance to learn at close range how the international trade game is played. Then when its lessons are learnt it will be able to get off the bench and eventually dominate the game.

There can be no doubt the world will benefit from China playing by the rules. Its new role will reduce Washington's pressure on Beijing. The United States will lose its leverage over China. And the China-bashers in Congress will no longer be able to use trade as a weapon against Beijing. Its entry into the WTO will also help lessen the periodic tension with the U.S. and remove nervousness among countries in the region.

China must be integrated into the international system. It must not be left out in the cold for long.

Brain Drain 'Showing No Signs of Slowing'

HK1307035395 Hong Kong SOUTH CHINA MORNING POST in English 13 Jul 95 p 8

[By Jane Moir]

[FBIS Transcribed Text] The brain drain is showing no signs of slowing, a survey has revealed, and the education sector is a major casualty.

Results of an Institute of Human Resource Management poll point to 1.04 percent of the workforce emigrating last year, with well over half of those leaving behind

managerial, supervisory and professional jobs. This is up slightly from a similar survey conducted by the group last year which put the 1993 rate at 1.02 percent.

With the workforce boasting three million, the survey implies that about 30,000 people left each year. More than half the emigrants — 57.8 percent — were from professional, supervisory and management levels, representing what the institute termed "a major skill loss from Hong Kong".

"This is serious. We are losing more managerial, professional people. We need to put in more time and effort to encourage these people to stay," said Sara Tang, research director and vice-president of the institute. "We are training them up, it takes them a number of years to get their experience, then they take it somewhere else," she said. The survey found 53.8 percent of the emigrants held a post-secondary or above qualification.

The situation in the educational sector was particularly worrying, Ms Tang said. The survey findings point to an emigration rate of 2.07 percent for the sector, up from 1.6 percent the previous year. Au Pak-kuen, vice-president of the Hong Kong Professional Teachers' Union, urged the Government to make the sector more attractive. "We know this is a problem — many are dissatisfied or are worried they won't receive their provident fund after 1997. Some feel their children will be better educated abroad — the teachers themselves don't have confidence in the education system here. We have told the Education Department time after time that action must be taken to encourage teachers to stay, even just by improving working conditions," he said. He said "if all experienced people run away, it will be very difficult to keep up standards".

Other sectors feeling the crunch are finance with a 1.47 percent emigration rate and energy — up to 1.42 percent from last year's 1.25 percent.

Of the 187 companies in a variety of sectors which responded to the survey, 859 out of the 82,624 workers concerned emigrated in 1994. This reflected the emigration rate accurately, Ms Tang said, adding that government surveys gave figures for the total numbers migrating each year — not just the workforce. Last year, an estimated 62,000 people left Hong Kong, compared to 53,000 in 1993 and 66,000 in 1992.

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